UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended June 28, 2026.

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number 0-25150

STRATTEC SECURITY CORPORATION
(Exact name of registrant as specified in its charter)

Wisconsin	39-1804239
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

3333 West Good Hope Road, Milwaukee, WI 53209
(Address of principal executive offices)

Registrant's telephone number, including area code: (414) 247-3333

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 Stock Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐Yes ☒No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐Yes ☒No

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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller Reporting Company	☒
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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting Common Stock held by non-affiliates of the registrant as of December 26, 2025 (the last business day of the Registrant's most recently completed second quarter), was approximately $252,730,981 (based upon the last reported sale price of the Common Stock at December 26, 2025 on the Nasdaq Global Market).

On July 31, 2026, there were outstanding 3,985,013 shares of the Registrant's $.01 par value Common Stock (which includes any unvested restricted shares previously awarded).

Documents Incorporated by Reference

Part III of this report incorporates information by reference from Registrant's Proxy Statement for the annual meeting of its shareholders to be held on October 13, 2026.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In this Annual Report on Form 10-K 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," "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 cyclical nature of the automotive industry may adversely affect global production and demand for our products;
- macroeconomic and geopolitical conditions, including regional conflicts, could adversely affect our business, results of operations, and financial condition;
- 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, restrictions impacting the import of goods, and components stemming from changes in policies implemented by the U.S. Government related to U.S.-Mexico border crossings could have a negative effect on our business;
- our relatively smaller scale compared to many automotive suppliers may limit our ability to compete effectively and could adversely affect our business, financial condition, and results of operations;
- a significant portion of our net sales is derived from a limited number of customers and vehicle programs, and the loss, cancellation, delay, or reduction, of key customer relationships or vehicle programs could materially adversely affect our business, financial condition, and results of operations;
- we operate in a highly competitive market with potential increased competition from Chinese automotive suppliers and rapidly evolving technological developments within our sphere of product offerings;
- our ability to manage changes in the costs of operations, warranty claims, or 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;
- 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;
- 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;
- an increase in the volume and scope of product returns, warranty claims, or customer cost reimbursement actions could adversely impact 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 of this Annual Report on Form 10-K.

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-K and the Company undertakes no obligation to update such forward-looking statements.

PART I

ITEM 1. BUSINESS

Overview

Strattec is a global automotive access company that designs and delivers safe, secure, and highly engineered access solutions for the automotive and mobility markets. Built on generations of access and security engineering expertise, we partner closely with OEMs to create differentiated, system level access experiences for end consumers. Our product portfolio spans the access journey from Permission, enabling secure vehicle entry through advanced mechanical and electronic systems; to Motion, delivering effortless, reliable powered access that enhances everyday usability; and through to Hold, providing precision-engineered latching solutions that give drivers confidence through proven strength, safety, and durability trusted by OEMs worldwide. While primarily focused on key North American automotive original equipment manufacturers ("OEM"), we also provide our products globally to customers in both OEM and aftermarket channels. We believe that our engineering expertise, ability to deliver customized solutions and our quality and delivery performance are key advantages that differentiate the Company from its competitors and allow us to be a premier partner to our customers.

Products

As automotive vehicle security and safety demands continue to strengthen, our product portfolio is well positioned to meet our customers' evolving needs. Our product offerings primarily relate to vehicle permission, motion and hold functionality.

Products that securely authorize vehicle entry and use (Permission) include mechanical, electronically enhanced locks and keys, fobs, passive entry passive start systems, digital key, steering column and instrument panel ignition lock housings, and related solutions. Our flexible, responsive service, and our deep relationships with our customers have allowed us to deliver these products both directly to our OEM customers and through our differentiated service in the aftermarket channel. We also provide vehicle door handles through our joint venture. These products leverage our deep manufacturing knowledge and understanding of automotive requirements to deliver high quality components, bringing together world-class injection mold and assembly capability with high quality paint processes.

Our Motion product portfolio, which provides powered access and movement, includes power sliding doors, power tailgates, and lift gate systems, as well as power deck lid systems. The products included in these highly-engineered systems include drivetrain mechanisms and electronic control units. These system offerings work together to provide our customers optimal performance through a deep understanding of mechanical, electrical, and software architectures.

Our patented high-function latches (Hold product portfolio) range from power clinching latches to release latches. Engineered for seamless integration, our latch technologies support diverse vehicle architectures, ranging from basic models to luxury nameplates. Our latches combine advanced mechanical design and integrated electronics to deliver secure, reliable, and precisely engineered closure performance.

All of our products are safety critical and powertrain agnostic and, therefore, are applicable for internal combustion, plug-in/hybrid or electric vehicles. Applications we serve require robust engineering partnership during the vehicle design cycle, which is typically three to five years ahead of start of production. Our engineering team works closely with our customers during the design phase to ensure our products meet specific vehicle platform requirements. Once our products are designed into an application, we are well positioned as the incumbent supplier for the life of the vehicle due to the high degree of customization and vehicle platform certification. We believe this is one of the reasons our products are rarely changed during a platform lifecycle, which typically lasts five to seven years.

Across our product lines, we have built strong platform and system competencies, including software development. This approach enables us to leverage our software and component technical capabilities to move with speed and agility and provide better package flexibility for easier integration into a variety of platforms for our customers. For example, we have elevated our key fob business with our digital key product, which leverages our system and software capability to meet increasing security, software and packaging architecture needs. Our power access solutions products are designed from a core platform approach that allows us to leverage carry-over components within a system to move faster through the design phase and provide optimal package flexibility while meeting increasing vehicle safety and security needs.

As access becomes increasingly intelligent, connected, and central to vehicle performance, our strategy is to expand our market share, further diversify our customers and geographic reach, organically and inorganically, and to create the ultimate access experience for consumers while working toward our vision to be the most trusted, global leader in safe and secure access solutions for the automotive and mobility industries.

Customers

We work closely with our customers throughout the product development process, providing product design, engineering, testing, validation, manufacturing, and launch support. Customer relationships are generally long-term in nature and are established through early involvement in new vehicle design concepts, which can be more than five years before program launch, and competitive sourcing processes which typically are two to three years prior to launch. Our product mix varies by customer, with most customers sourcing multiple product categories from us. Sales to various OEMs (including Tier 1 suppliers) are approximately 90% of our total sales, while the remainder of our sales are to service channels, the aftermarket, and non-automotive customers.

A significant portion of our sales are to General Motors Company, Ford Motor Company, and Stellantis. The products sold to these customers are model specific, fitting only certain defined applications. As such, we are highly dependent on these customers' ability to produce and sell vehicles which utilize our products.

Sales to our customers are coordinated through direct sales personnel and supported by our program managers, application engineers, and other product engineering personnel. In addition, we distribute our components and security products to the automotive aftermarket through authorized wholesale distributors, as well as other marketers and consumers. Our sales are generally based upon purchase orders issued by the OEMs and updated for volume adjustments through production releases. As such, we do not have a firm and definitive backlog of orders. Once awarded to supply products for a particular platform, we typically support those products for the life of the vehicle, which is normally five to seven years, though this term is not guaranteed. When we are the incumbent supplier for a given platform, we believe we will typically serve this customer for the platform life.

Product Engineering Focus

Our product engineering activities, including research and development, are an essential part of our efforts to develop new or improved innovative products. Our product engineering, including the development of customized customer solutions, is accomplished in both the United States and Mexico. The development of new products, or enhancements to existing products, are the result of collaboration with customers. Our engineers and program managers follow a formalized product development process to streamline development and identify market requirements. Our advanced design and engineering capabilities contribute to the development of innovative and highly engineered products, maintain our technological leadership, and enhance our ability to provide customers with unique customized solutions and products. We specialize in integrated system, mechanical, electrical, and software engineering supported by advanced modeling and testing capabilities that enable us to meet our customers' design and timing requirements.

Patents, Trademarks and Other Intellectual Property

Intellectual property protection, innovation, and the continued development of proprietary technology are important components of our strategy to support customer relationships, maintain competitive differentiation and drive long-term growth. We protect and maintain proprietary technologies, products, processes, software, and manufacturing know-how that support our access products and solutions. We rely on a combination of patents, trademarks, trade names, copyrights, trade secrets, confidential information, proprietary manufacturing processes, non-disclosure agreements, and other intellectual property protections to establish and maintain our competitive position. While we believe our patent portfolio provides competitive advantages in specific applications, no individual patent or group of patents is material to our business as a whole.

We market our products under various trademarks, trade names, and service marks, including the Strattec name and related brands. We consider our trademarks and our reputation for quality, engineering excellence, and customer service to be valuable business assets. In addition to formal intellectual property rights, we rely extensively on trade secrets, proprietary technology, technical expertise, manufacturing methods, product specifications, software, and other confidential business information developed through years of experience serving automotive OEM customers.

Operations

We operate an integrated manufacturing and engineering platform that supports the full product lifecycle, including product development, engineering, tooling, testing, manufacturing, assembly, and customer support. Manufacturing and distribution operations are conducted through six facilities located in the United States and Mexico, which enable us to support global customer production requirements. These facilities perform a range of activities, including component manufacturing, product testing, final assembly, warehousing and distribution. Key manufacturing capabilities include precision metal stamping, zinc die casting, machining, plastic injection molding, plating and painting, electronics and printed circuit board assembly, automated and manual product assembly and tooling development.

The Company's footprint provides operational flexibility and proximity to customer assembly operations. Our manufacturing operations are supported by advanced quality management systems, automation technologies, and operational excellence initiatives intended to improve productivity, enhance product quality, reduce costs, and strengthen customer satisfaction.

Seasonal Nature of the Business

The automotive industry is inherently cyclical and may experience seasonal fluctuations in vehicle production levels due to model changeovers, plant shutdowns, customer production schedules, holidays, and broader economic conditions. As a supplier to automotive OEMs, our sales and operating results are generally correlated with vehicle production volumes of our customers. Historically, automotive production schedules in North America are typically lower in our fiscal second quarter due to holiday shutdowns and may be affected by customer model year changeovers, planned maintenance activities, and other production interruptions. In addition, customer production volumes may fluctuate throughout the year as a result of consumer demand, inventory levels, new vehicle launches, and other market factors.

Served Customer Vehicles

Our product solutions can be found on over 90 different customer vehicles, including electric (EV), plug-in/hybrid, and internal combustion engine platforms. Key vehicle platforms include, but are not limited to, the following:

Acura MDX	Chevrolet Corvette	GMC Sierra EV
Acura RDX	Chevrolet Equinox	GMC Sierra LD & Sierra HD
Acura ZDX	Chevrolet Equinox EV	GMC Terrain
Aston Martin DB 11/12	Chevrolet Express Van	GMC Yukon & Yukon XL
Aston Martin DBX	Chevrolet Silverado EV	Honda Odyssey
Aston Martin Valhalla	Chevrolet Silverado LD & Silverado HD	Honda Passport
Aston Martin Vanquish	Chevrolet Spin	Honda Prologue
Aston Martin Vantage	Chevrolet Suburban	Hyundai Staria
Audi Q5	Chevrolet Tahoe	Jeep Cherokee
BMW i/X-Series	Chevrolet Traverse	Jeep Commander
BMW X7	Chevrolet Trax	Jeep Compass
Buick Enclave	Chrysler Pacifica	Jeep Gladiator
Buick Envision	Chrysler Voyager	Jeep Grand Cherokee
Buick Envista	Dodge Charger	Jeep Meridian
Cadillac Celestiq	Dodge Durango	Jeep Recon
Cadillac CT4	Dodge Hornet	Jeep Wagoneer
Cadillac CT5	Ford Amarok Pickup	Jeep Wrangler & Wrangler Unlimited
Cadillac Escalade	Ford Bronco Sport	Kia Carnival
Cadillac Escalade ESV	Ford Expedition	Lincoln Aviator
Cadillac Escalade IQ	Ford Explorer	Lincoln Corsair
Cadillac Escalade IQL	Ford F-Series & Super Duty Pickup	Lincoln Navigator
Cadillac Lyriq	Ford Maverick Pickup	MACK Truck
Cadillac Optiq	Ford Mustang	Ram 1500 Pickup
Cadillac Vistiq	Ford Mustang Mach-E	Ram HD Pickup
Cadillac XT4	Ford Ranger Pickup	Ram REV Pickup
Cadillac XT5	Freightliner (38N) Cascadia	Volkswagen Jetta
Cadillac XT6	Freightliner (M2)	Volvo EX90
Chevrolet Blazer	GMC Acadia	Volvo Heavy Truck
Chevrolet Blazer EV	GMC Canyon	Volvo Polestar 3
Chevrolet Cobalt	GMC Hummer EV	
Chevrolet Colorado	GMC Savana	

Raw Material Costs and Availability

We source a wide range of materials, components, and subassemblies from a network of global suppliers. Our primary raw materials are high-grade zinc, brass, nickel silver, steel, aluminum, plastic resins, semiconductor chips and other electronics. These materials are generally available from a number of suppliers and are subject to price fluctuations. We believe our sources for raw materials are reliable and adequate for our needs. In the normal course of business, we do not carry substantial inventories of these raw materials in excess of levels reasonably required to meet our near-term production requirements.

Competition

We compete with domestic and foreign competitors for business based on product design, engineering support, delivery, price, innovation, and aftermarket support. While the number of direct competitors in our product markets is currently relatively small, automotive OEMs actively encourage competition among potential suppliers.

Our competitors include Aisin, Aumovio, Alpha-Tech, Brose, Edscha, Huf Group, Inteva, JNS Auto Parts, Magna, Marquardt, MinebeaMitsumi, Mitsuba, Novares, Ohi, PHA Automotive, Shin Chang, Stabilus, Tokai-Rika, Ushin, Valeo and WITTE Automotive.

Human Capital Management

Our employees, coupled with our ability to attract, retain and develop talent, are critical to our business strategy and success. Our human capital strategy centers on cultivating an open, creative work environment and building the skills needed to strengthen our culture and drive innovation and growth. We also focus on developing talent for critical roles and leadership positions, rewarding and supporting associates through competitive compensation and benefits, and promoting the health and safety of our employees. At June 28, 2026, we had 2,654 associates including 395 in the United States, 2,252 in Mexico and 7 in other countries. We have two facilities with union representation, which covers 9.1% of our employees, including our Milwaukee, Wisconsin location (contract expires November 1, 2030) and Leon, Mexico location (contract expires April 12, 2027). In recent years, we have not experienced any significant work slowdowns, stoppages or other labor disruptions.

Executive Officers of Registrant

Our executive officers at the time of this report, together with their ages, positions, and business experience are below:

Name	Age	Current Position
Jennifer Slater	52	President and Chief Executive Officer
Matthew Pauli	48	Senior Vice President, Chief Financial Officer
Chey Varto	56	Senior Vice President, Chief Commercial Officer
James Denis	52	Senior Vice President, General Counsel and Secretary

Jennifer Slater has served as our President and Chief Executive Officer, and as a Director, since July 2024. Prior to joining Strattec, Ms. Slater was Executive Vice President and General Manager, Performance Sensing, of Sensata Technologies, Inc. (NYSE: ST), a global industrial technology company. She also held the positions of Senior Vice President, Automotive & Aftermarket and Vice President and General Manager of Heavy Duty and Off-Road business from September 2022 through March 2023. Prior to her time with Sensata, Ms. Slater held the position of Group Vice President and General Manager, Global OE and Products, at Clarios, LLC from 2019 to September 2022. Ms. Slater serves as a director of Valvoline Inc. (NYSE: VVV), a retail automotive services company; she was first elected in July 2022.

Matthew Pauli has served as our Senior Vice President, Chief Financial Officer since November 2024. He previously served as Chief Financial Officer of CentroMotion, a global manufacturer of highly engineered products serving the transportation and other industrial markets. Earlier in his career, Mr. Pauli held senior finance roles at Enerpac Tool Group (NYSE: EPAC), including Corporate Controller and Chief Accounting Officer, and VP of Finance after starting his career at Ernst & Young.

Chey Varto has served as our Senior Vice President, Chief Commercial Officer since November 2024. She previously served as Chief Commercial Officer at Vayan Group, a leading provider of quality assurance solutions for automotive OEMs. Prior to that, she held leadership roles at Clarios, JD Norman Industries, and GST AutoLeather. She began her career at Lear Corporation where she advanced through roles of increasing responsibility.

James Denis has served as our Senior Vice President, General Counsel and Secretary since December 2025. Prior to joining Strattec, he served as Executive Vice President, General Counsel, Secretary & Chief Compliance Counsel for Enerpac Tool Group (NYSE: EPAC).

Following a judicial clerkship, Mr. Denis entered private practice, most recently as a shareholder with the law firm of Reinhart Boerner Van Deuren s.c., where he was a member of the firm's Products Liability and Insurance Risk Management Teams.

Available Information

We maintain our corporate website at www.strattec.com and make available, free of charge, our Code of Business Ethics, and reports that we file with the Securities and Exchange Commission. We are not including all the information contained on or made available through our website as a part of, or incorporating such information by reference into, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Investors and readers should carefully consider each of the risks, assumptions, uncertainties and other factors described below and elsewhere in this Annual Report, as well as any amendments or updates reflected in subsequent filings with the Securities and Exchange Commission. We believe these risks, assumptions, uncertainties and other factors, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results and could materially and adversely affect our business operations, results of operations, financial condition and liquidity.

Business Risks

Loss of Significant Customers, Vehicle Content, Vehicle Models and Market Share

We generate a significant portion of our net sales from a limited number of North American automotive original equipment manufacturer ("OEM") customers. As a result, our financial performance is significantly influenced by the production volumes, sourcing decisions and strategic priorities of these customers. Changes in vehicle production schedules, consumer demand, platform mix, inventory levels, regulatory requirements, or market conditions affecting our major customers may directly impact demand for our products. In fiscal 2026, our three largest customers, General Motors Company, Ford Motor Company and Stellantis, accounted for 27%, 21% and 16%, respectively, of our annual sales.

Contracts with these customers do not specify a quantity of components to be supplied over the life of the vehicle, typically five to seven years. Components for certain customer models may also be “market tested” annually. The loss of a significant customer, the non-renewal or early cancellation of key vehicle programs, a substantial reduction in purchases by a major customer or adverse changes in customer relationships could result in reduced sales, lower operating margins, underutilization of manufacturing capacity, and increased operating costs. Due to our customer concentration, adverse developments affecting a single significant customer could have a disproportionate impact on our business, financial condition, cash flows, and results of operations. While we continually seek to win new business with our existing customers and diversify our customer base, our efforts may not be successful and, even if successful, may not offset the impact of the loss or reduction in purchases of a significant customer or the non-renewal or early cancellation of a program. In addition, as a result of the relatively long lead times required for some of our products and the time it takes to establish a commercial relationship with new customers, it may be difficult in the short term for us to obtain new sales sufficient to offset a significant decline in sales to existing customers.

We also make investments in equipment, tooling and assembly lines used exclusively to manufacture products for specific customer programs. This equipment is capitalized and depreciated over the expected useful life of each respective asset. Therefore, the loss of any one of our major customers, the loss of specific vehicle models or the early cancellation of a vehicle model could result in impairment in the value of these assets.

Customer Forecasts and Demand

Our business depends on, and is directly affected by, the dynamics in the automobile industry. Our major customers and many of their suppliers can be significantly impacted by unfavorable global economic and industry conditions. In the past, many of our major customers have instituted production cuts and shuttered plants in light of these unfavorable conditions which adversely impacts demand for our products during these slowdowns and shutdowns. Additional economic slowdowns, global conflicts, pandemics or part supply shortages could result in new production cuts which could have a material adverse effect on our net sales. Furthermore, uncertain economic conditions and inflation may contribute to a reduction in consumer demand, which may reduce vehicle production. The use and consumption of our products fluctuates depending on order forecasts we receive from our customers. These order forecasts can change dramatically from quarter to quarter.

Cross-border Trade Issues and Tariffs

Our operations are impacted by international or cross-border trade dynamics, particularly the import and export of products and goods into and out of the United States. The shipping of goods across national borders is often more expensive and complicated than domestic shipping. Customs and duty procedures and reviews, including duty-free thresholds in various key markets, the application of tariffs, and security-related governmental processes at international borders, may increase costs, discourage cross-border purchases, delay transit and create shipping uncertainties. The imposition of non-tariff barriers, including localized content rules and government procurement restrictions, may further limit our ability to operate efficiently across borders.

We manufacture a vast majority of our products in Mexico and rely on a global supply chain to provide raw materials and components that we need to manufacture our products. Our business benefits from certain free trade agreements, such as the United States-Mexico-Canada Agreement ("USMCA"). However, recent shifts in trade policy have resulted in new or higher tariffs on goods imported from numerous countries, and some countries have imposed retaliatory tariffs on imports from the United States, which has created meaningful uncertainty. These changes may result in significantly increased production costs, pricing volatility and administrative complexity in determining country-of-origin compliance for automotive components.

In addition to potential changes in customs duties and tariffs in the United States and other countries, the future terms of the USMCA remain uncertain following the July 2026 joint review process. Although the USMCA remains in effect, the United States did not agree to extend the agreement in its current form. There can be no assurance that future negotiations will preserve the current terms of the agreement or that any modifications to the USMCA, including changes to rules of origin, regional value content requirements, tariff treatment or customs procedures, will not adversely affect our business. Also, China presents unique risks to U.S. automotive manufacturers due to the strain in U.S.-China relations and the level of integration with key components in our global supply chain. It remains unclear what additional actions the current U.S. administration may take with respect to trade issues involving China and other countries.

Changes in U.S. trade relations with foreign countries involved in our business, including but not limited to Mexico, Canada, China, and European countries, could have a material effect on global economic conditions and significantly decrease global trade, which could adversely impact our production costs, purchased material costs, ability to compete, customer demand, short-term vehicle production levels and relationships with suppliers and customers. The ultimate impact of changes to tariffs and trade barriers will depend on a number of factors that are not yet known or are subject to change, including the timing, amount, scope and nature of any tariffs and trade barriers that are implemented.

Highly Competitive Automotive Supply Industry

The automotive component supply industry is highly competitive. OEMs rigorously evaluate our products and performance against competitors on the basis of quality, reliability and cost-effectiveness. New business is typically awarded to the supplier offering the most favorable combination of technological innovation, quality, delivery and price. Our ability to compete successfully depends, in large part, on our success in continuing to innovate and manufacture products that resonate with our customers, differentiating our products from those of our competitors, delivering quality products in the time frames required by our customers and maintaining efficient production. There can be no assurance that we will be able to compete successfully with the products of our competitors. Our competitors' efforts to grow market share could exert downward pressure on our product pricing and margins. Vertical integration by competitors and customers, as well as within our supply chain, could complicate and impact sourcing decisions by our customers and adversely affect our sales. Some of our competitors may have larger customer bases and significantly greater financial, technical, operational and procurement scale than we do. These factors may allow our competitors to respond more quickly than we can to new or emerging technologies and changes in customer requirements by devoting greater resources than we can to the development, promotion and sale of automotive aftermarket products.

The global automotive industry is also experiencing increased competition from automotive manufacturers and component suppliers based in China. Chinese original equipment manufacturers ("OEMs") and suppliers have expanded their presence in key global markets through competitive pricing strategies, government-supported investments, technological advancements, vertical integration and increasing manufacturing scale. As Chinese vehicle manufacturers continue to gain market share, particularly in electric vehicles and related technologies, traditional global OEMs may experience reductions in vehicle production volumes, pricing pressures and shifts in sourcing strategies. Increased competition could put additional pressure on us to reduce prices or take other actions, which may have an adverse effect on our business, sales, financial condition and results of operations. We may also lose significant customers or lines of business to competitors.

Cyclicality and Seasonality in the Automotive Market

Historically, our operating results have fluctuated by quarter based on the ebbs and flows of automotive vehicle production levels. The automotive market is cyclical and is dependent on consumer spending, availability of consumer credit, inflation, labor conditions, interest rates, fuel prices, consumer preference and confidence, geopolitical issues and to a certain extent, customer sales incentives. Economic factors adversely affecting consumer demand for automobiles and automotive production could adversely impact our financial results.

Market Acceptance of New or Enhanced Products

The growth of the Company's business will be dependent on the demand for innovative products. In order to increase sales in current markets and gain entry into new markets, the Company must innovate to maintain and improve existing products while successfully developing and introducing distinctive new and enhanced products that anticipate changing customer and consumer preferences and capitalize upon emerging software technologies, including hybrid and electric vehicle advances. We principally compete for new business at the beginning of the development of new models and upon the redesign of existing models by our customers. New model development generally begins three to five years prior to the marketing of such new models. The failure to obtain new business on new vehicle models or to retain or increase business on redesigned existing models could result in reduced net sales. In addition, we may incur significant product development expenses in preparing to meet anticipated customer requirements which may not be recovered.

New Product Development and Innovation Risk

We intend to develop new vehicle access and security products, including advanced mechanical, electronic, and smart access systems, to expand into emerging mobility and connected vehicle markets. These efforts involve risks and may not be successful. The launch of new and enhanced products is a complex process, the success of which depends on a wide range of factors, including product quality, cost efficiency, the competitive landscape, customer demand and other factors. If we are unable to design, launch, or improve products on a timely and cost-effective basis in line with OEM program requirements, our ability to secure new business and our operating results could be adversely affected. Additionally, our success depends on developing innovative technologies and processes that meet evolving customer and industry standards. If we fail to do so, or if our customers do not adopt or integrate our new products and technologies into their vehicle platforms, our competitive position, business, and financial condition could be materially adversely affected.

Joint Ventures

Certain of our operations are conducted through a joint venture with ADAC Automotive. With respect to our joint venture, we may share ownership and management responsibilities with a partner that may not share our goals and objectives. Operating a joint venture requires us to manage the business pursuant to the terms of the operating agreement. Risks associated with joint ventures include one or more partners failing to satisfy contractual obligations, the ability to enforce such obligations, conflicts arising between us and our partner, a change in the ownership of any of our partners and a reduced ability to control compliance with applicable rules and regulations. Additionally, our ability to sell our interest in a joint venture may be subject to contractual and other limitations. Any such occurrence could adversely affect our financial condition, operating results and cash flows.

Operational Risks

Shortages, Increases in Costs, or Other Restrictions on the Availability of Raw Materials or Components Supply

If any of our customers experience a material supply shortage, either directly or as a result of supply shortages at another supplier, that customer may halt or limit the purchase of our products. Similarly, if we or one of our own suppliers experiences a supply shortage, we may become unable to produce the affected products if we cannot procure the components from another source. Such disruptions may arise due to any number of issues including catastrophic events such as natural disasters, global pandemics, war, rapid increases in demand, or unforeseen economic challenges like prolonged inflation or elevated interest rates. These shortages could impact our ability to meet production schedules for key products and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

During recent fiscal years, we have experienced higher costs on raw materials and purchased components, as well as freight costs. The continuation or renewal of these cost increases could have a material adverse effect on our future revenue, financial results, financial condition and cash flows.

In order to manage and reduce the costs of purchased goods and services, we have been rationalizing and consolidating our supply base. As a result, there is greater dependence on fewer sources of supply for certain components and materials used in our products. We consider the production capacities and financial condition of suppliers in our selection process, and expect them to meet our delivery requirements. However, there can be no assurance that strong demand, capacity limitations, shortages of raw materials, labor disputes or other problems will not result in any shortages, cost increases, or other restrictions on the availability of raw materials or components supplied to us.

Manufacturing Complexity and Quality Risks

The manufacture of our products involves highly complex and precise processes. If we experience disruptions, quality issues, or inefficiencies in our manufacturing operations, whether internally or through our suppliers, our ability to meet OEM specifications and delivery requirements could be adversely affected. Such issues could harm our reputation, customer relationships, and financial results.

Foreign Operations

We conduct manufacturing operations in Mexico. As these operations continue to expand, their success will depend, in part, on our ability to anticipate and effectively manage certain risks inherent in international operations, including: enforcing agreements and collecting receivables through certain foreign legal systems, payment cycles of foreign customers, compliance with foreign tax laws, general economic and political conditions in these countries and compliance with foreign laws and regulations.

Qualified Personnel

Our business success depends, to a significant degree, on attracting and retaining qualified personnel. Our ability to sustain and grow our business requires us to hire, retain, develop and motivate a highly skilled and diverse management team and workforce. These types of employees are in high demand and often have competing employment opportunities. The labor market for skilled employees is highly competitive and we may lose key employees or be forced to increase their compensation to retain these types of employees. Failure to ensure that we have the leadership capacity with the necessary skill set and experience could impede our ability to deliver our growth objectives and execute our strategic plan. Organizational and reporting changes resulting from any future leadership transition or corporate initiatives could result in increased turnover. Additionally, any unplanned turnover or inability to attract and retain key employees could have a negative effect on our results of operations, including by significantly increasing our recruitment, training and other related employee costs. Moreover, the loss of key personnel, or the failure to attract qualified personnel, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Disruptions Due to Work Stoppages and Other Labor Matters

Our major customers and many of their suppliers have unionized workforces. Work stoppages or slowdowns experienced by our customers or their suppliers could result in slowdowns or closures of assembly plants where our products are included in assembled vehicles. A material work stoppage experienced by one or more of our customers or suppliers could have an adverse effect on our business and financial results.

In addition, all production associates at our Milwaukee facility are unionized. The current contract with our Milwaukee unionized associates is effective through November 1, 2030. We also have unionized associates at our Leon, Mexico facility. The current contract with our Leon unionized associates is effective through April 12, 2027. We may encounter labor disruption and we may also encounter unionization efforts in our other plants or other types of labor conflicts, any of which could have an adverse effect on our business, financial results, financial condition and cash flows.

Climate Change, Environmental, Social and Governance (ESG) Matters, and Global Health Crises

Natural disasters, extreme weather conditions resulting from global climate change, or pandemics and infectious disease outbreaks could lead us, our customers or our suppliers to experience disruptions in operations or disruptions in the availability of key components, which could lead to a material adverse impact on our results of operations, financial condition and cash flows. Pandemics or disease outbreaks have disrupted, and may continue to disrupt, the global economy, and because we and our suppliers manufacture products in facilities around the world, we may be vulnerable to an outbreak of infectious disease in the regions in which we, or our customers or suppliers, operate.

In addition to the increased customer focus on supply chain resiliency, expectations on sustainability have been rapidly evolving and increasing. The enhanced focus on sustainability requires continuous monitoring of various and evolving regulations and standards and their associated requirements. Our failure, or that of our supply base, to adequately meet stakeholder expectations may result in, among other things, the loss of business, or an inability to attract customers which would adversely affect our business, financial condition or results of operations.

Financial Risks

Financial Distress of Automotive Supply Base

Unfavorable global, economic or industry conditions could result in the financial distress of the automotive supply base. Severe distress could lead to automotive suppliers filing for bankruptcy protection or ceasing operations. Such conditions may require us to provide financial assistance or other measures to ensure uninterrupted production. These conditions could have a material adverse effect on our existing and future revenues, financial results, financial condition and cash flows.

Cost Reduction

There is continuing pressure from our major customers to reduce the prices we charge for our products. This requires us to continually generate cost reductions, including reductions in the cost of components purchased from outside suppliers. If we are unable to generate sufficient production cost savings in the future to offset pre-programmed price reductions or additional price reduction demands, our gross margin and profitability will be adversely affected.

Currency Exchange Rate Fluctuations

We have manufacturing operations in Mexico, and as a result, a portion of our manufacturing costs are incurred in Mexican pesos. Therefore, fluctuations in the U.S. dollar/Mexican peso exchange rate may have a material effect on our profitability, cash flows and financial position and may significantly affect the comparability of our results between financial periods. Any depreciation in the value of the U.S. dollar in relation to the value of the Mexican peso will adversely affect the cost of our Mexican operations when translated into U.S. dollars.

Program Volume and Pricing Fluctuations

We incur costs and make capital expenditures for new program awards based upon certain estimates of production volumes over the anticipated program life for certain vehicles. While we attempt to establish the price of our products to account for variations in production volumes, if the actual production of certain vehicle models is significantly less than planned, our net sales and net income may be adversely affected. We cannot predict our customers' demands for the products we supply either in the aggregate or for particular reporting periods.

Ability to Access Capital Markets

From time to time we have relied on our existing credit facilities to provide us with adequate working capital to operate our business and fund our capital expenditures, including any expansion initiatives. Escalation of any global inflationary pressures on our operating results may impact our ability to satisfy our lending covenants in the short term. Additionally, we cannot provide assurance that we will be able to refinance, extend the maturity of, or otherwise amend the terms of our existing credit facilities, or that any refinancing, extension, or amendment will be on terms favorable to us or even on commercially reasonable terms. If our lenders reduce or terminate our access to amounts under our credit facilities, we may not have sufficient capital to fund our working capital needs and/or we may need to secure additional capital or financing to fund our working capital requirements or to repay outstanding debt under our credit facilities. Moreover, new credit facilities resulting from any refinancing of our existing facilities could have a significantly higher rate of interest and greater borrowing costs than our existing facilities. We can make no assurance that we will be successful in ensuring the availability of amounts under our credit facilities or in connection with raising additional capital and that any amount, if raised, will be sufficient to meet our cash flow requirements. If we are not able to maintain our borrowing availability under our credit facilities it may have a negative impact on our business, results of operations, financial condition and cash flows.

Legal and Regulatory Risks

Intellectual Property

We own intellectual property, including patents, trademarks, copyrights, and trade secrets, that are important to our business. Our intellectual property plays an important role in maintaining our competitive position in the markets we serve. We may directly or through a supplied component utilize intellectual property in products that require a license from a third-party. While we believe that such licenses generally can be obtained by us, or a supplier if a supplied component, we may not be able to obtain the necessary licenses on commercially acceptable terms or at all. Failure by us or our suppliers to obtain the right to use third-party intellectual property could preclude us from selling certain products, and developments or assertions by or against us relating to intellectual property rights could have materially adverse effects on our business, operating results, financial condition, and cash flow.

Environmental, Safety and Other Regulations

We are subject to federal, state, local and foreign laws and other legal requirements related to the generation, storage, transport, treatment and disposal of materials as a result of our manufacturing and assembly operations. These laws include, among others, the Resource Conservation and Recovery Act (as amended), the Clean Air Act (as amended) and the Comprehensive Environmental Response, Compensation and Liability Act (as amended). We believe that our existing environmental management system is adequate for current and anticipated operations.

An environmental liability was established in 1995 for estimated costs to remediate an environmental matter impacting a portion of our Milwaukee facility. The contamination occurred in 1985 and, after initial remediation, is being monitored in accordance with federal, state and local requirements. Failure to comply with environmental regulations could result in fines, penalties, and legal liabilities, as well as damage to our reputation. Additionally, changes in environmental laws and regulations or in the enforcement of existing laws and regulations could result in increased compliance costs in excess of our existing liability or additional operating restrictions, which could adversely affect our business, financial condition, and results of operations.

Income Taxes

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Significant judgment is required in determining our global provision for income taxes, deferred tax assets or liabilities and in evaluating our tax positions on a worldwide basis. While we believe our tax positions are consistent with the tax laws in the jurisdictions in which we conduct our business, it is possible that these positions may be overturned by jurisdictional tax authorities, which may have a significant impact on our global provision for income taxes. We are also subject to ongoing tax audits. These audits can involve complex issues, which may require an extended period of time to resolve and can be highly subjective. Tax authorities may disagree with certain tax reporting positions taken by us and, as a result, assess additional taxes. Failure to comply with these tax laws and regulations could result in significant penalties, fines, and interest charges. Additionally, changes in tax legislation or tax rates, including changes in the interpretation or enforcement of existing tax laws, could adversely affect our financial condition and results of operations.

Warranty Claims

We are exposed to warranty claims in the event that our products fail to perform as expected, and we may be required to participate in the repair costs incurred by our customers for such products. We are engaged in ongoing discussions with our customers regarding warranty information and potential claims. The results of these discussions could result in additional warranty costs in future periods. Depending on the nature of and the volume of vehicles involved in the potential warranty claims, these costs could be material to our financial statements. As additional information becomes available, actual warranty results may differ from recorded reserves or we may need to record additional warranty provisions. If our customers demand higher warranty-related cost recoveries, or if our products fail to perform as expected, it could have a material adverse impact on our results of operations, financial condition and cash flows.

Other Legal Proceedings

We are involved in various legal and regulatory proceedings and claims that, from time to time, may be significant. These are typically claims that arise in the normal course of business, including, without limitation, commercial or contractual disputes, intellectual property matters, personal injury claims, environmental matters, tax matters, employment matters and antitrust matters. No assurances can be given that such proceedings and claims will not adversely affect our financial condition, operating results and cash flows.

Other Risks

Cyber Vulnerability

In the ordinary course of business, we collect and store sensitive data, including our proprietary business information and that of our customers, suppliers and business partners, as well as personally identifiable information of our customers and employees, in our internal data centers, cloud services and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Cybersecurity attacks are becoming more sophisticated and include, but are not limited to, malicious software attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, corruption or destruction of data and other manipulation or improper use of systems or networks. Cybercriminals have increasingly demonstrated advanced capabilities, such as use of zero-day vulnerabilities, and rapid integration of new technology such as generative artificial intelligence. Despite our security measures, our information technology and infrastructure, as well as that of our partners, customers and suppliers, may be vulnerable to malicious attacks, breaches or system failures due to employee error, malfeasance or other disruptions, including as a result of rollouts of new systems. Any such breach or operation failure would compromise our networks or that of our business partners, customers or suppliers, and the information stored could be accessed, publicly disclosed, lost or stolen, cause transaction processing errors, processing inefficiencies, delays or cancellation of customer orders, the loss of customers, impediments to the manufacturing or shipment of products, or other business disruptions. Such access or other loss of information could result in legal claims or proceedings, regulatory fines or penalties, disruption in our operations, damage to our reputation, loss of confidence in our products and services, increased costs, or the loss of assets, any of which could have a negative impact on our business, results of operations, financial condition and cash flows.

In addition, as security threats, cybersecurity, data privacy and protection laws and regulations continue to evolve and increase in terms of sophistication, we may be required to or choose to invest additional resources in the security of our systems. Any such increased level of investment could adversely affect our financial condition or results of operations.

Geopolitical Instability

We are currently operating in a period of geopolitical instability, which has significantly contributed to economic uncertainty, capital market disruption and supply chain interruptions in the U.S. and global markets. While the length and impact of the ongoing global conflicts are unpredictable, they could lead to further market disruptions, including supply chain interruptions and significant volatility in commodity prices, and in credit and capital markets. The ongoing conflicts have led to sanctions and other penalties being levied by the U.S., the EU, and other countries. Additional potential sanctions and penalties have also been proposed. These global conflicts, as well as future geopolitical conflicts, could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially further disrupting the supply chain for necessary components and raw materials used by us or our customers in producing products. Any of the foregoing factors could have a material adverse effect on our business, operating results, financial condition and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Governance

The Company conducts regular assessments of cybersecurity risks both internally and with third party assistance. Our Chief Information Officer reports on the results of these assessments and corresponding recommendations to the full Board of Directors at least annually. We use the National Institute of Standards and Technology ("NIST") framework to regularly assess the threat landscape and support a cybersecurity strategy based on prevention, detection and mitigation. In general, the Company seeks to address cybersecurity risks through a cross-functional approach that is focused on preserving confidentiality, managing data security and availability and effectively responding to cybersecurity incidents when they occur. Management's philosophy on cybersecurity is to be vigilant in protecting the Company through investments in tools and employee awareness to aid in the prevention, detection and mitigation of cyber threats, while recognizing that not all threats are preventable.

The Company's Chief Information Officer and Chief Financial Officer, along with cybersecurity personnel on their respective teams, are responsible for developing cybersecurity programs, as may be required by applicable law or regulation. Our cybersecurity personnel have the appropriate expertise in IT and cybersecurity, which generally has been gained from a combination of education, including relevant degrees and/or certifications, and prior work experience.

Risk Management and Strategy

Among other best practices, we use multi-factor authentication wherever possible for external access to systems, assess and update current versions of security solutions, perform annual cybersecurity training and email phishing campaigns for employees, use third parties to perform external penetration testing, and maintain disaster recovery and incident response plans. We employ a combination of methods to monitor new or developing cybersecurity risks. Incidents, if any, are escalated to management and the Board according to our incident response policy. Through these processes, we did not identify risks from current or past cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced undetected cybersecurity incidents.

ITEM 2. PROPERTIES

We have five manufacturing plants, one warehouse, and two sales offices. We believe these facilities are well maintained and in good operating condition and are sufficient to meet our current needs. These facilities are described as follows:

Location	Type	Sq. Ft.	Owned or Leased
Milwaukee, Wisconsin	Corporate headquarters and manufacturing	345,123	Owned
Juarez, Chihuahua Mexico	Manufacturing	169,926	Owned
Juarez, Chihuahua Mexico	Manufacturing	77,527	Owned
Juarez, Chihuahua Mexico	Manufacturing	114,841	Owned
Leon, Mexico	Manufacturing	130,532	Owned
El Paso, Texas	Distribution warehouse	114,715	Leased
Auburn Hills, Michigan	Sales and engineering	62,736	Owned
Seoul, South Korea	Sales and engineering	2,859	Leased

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business we may be involved in various legal proceedings. We do not believe we are currently involved in any claim, action or proceeding of which the ultimate disposition would have a material adverse effect on our financial condition, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our Common Stock trades on the Nasdaq Global Market under the symbol "STRT."

Holders

As of June 28, 2026, our Common Stock was held by 718 shareholders of record. The number of stockholders of record is based upon the actual number of holders registered on this date and does not include holders of common stock in "street name" by brokers or other entities on behalf of stockholders.

Dividends

We have not paid a cash dividend on our Common Stock in the last three years and do not currently expect to pay cash dividends in the foreseeable future. The payment of future dividends is within the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial condition and other factors.

Stock Repurchase Programs

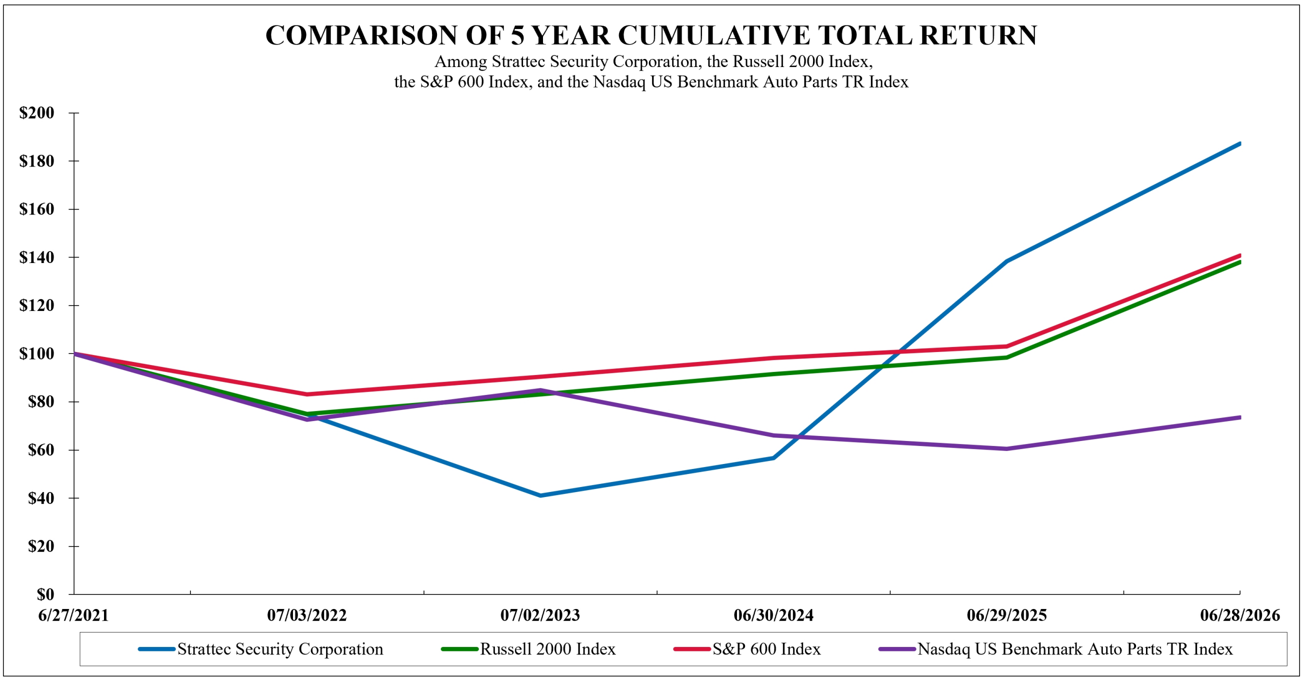
On May 28, 2026, the Board of Directors authorized a new share repurchase program under which the Company may repurchase up to $40.0 million of its outstanding common stock. In connection with the authorization of the new program, we terminated our previous share repurchase program. The new share repurchase program has no fixed expiration date, does not obligate us to acquire any specific amount of common stock, and may be modified, suspended or terminated at any time at the discretion of the Board of Directors.

The prior authorization permitted the repurchase of up to 3,839,395 shares of our common stock. Prior to fiscal 2026 a total of 3,655,322 shares had been repurchased at a cost of $136.4 million. The following table provides information with respect to the purchases by the Company of Common Stock under this authorization during the three months ended June 28, 2026:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs
3/30/2026 - 5/3/2026	-	$ -	-
5/4/2026 - 5/31/2026	110,269	$ 67.10	3,765,591
6/1/2026 - 6/28/2026	-	$ -	-
	110,269	$ 67.10	3,765,591

Performance Graph

The following graph illustrates the cumulative returns over the last five years, assuming an initial investment of $100 and the reinvestment of dividends, if any, in (1) our Common Stock, (2) Russell 2000 Index, (3) the S&P 600 Index and (4) the Nasdaq US Benchmark Auto Parts TR Index. Historical performance may not be indicative of future shareholder returns.



		6/27/2021		07/03/2022		07/02/2023		06/30/2024		06/29/2025		06/28/2026
Strattec Security Corporation	$	100.00	$	74.81	$	41.12	$	56.68	$	138.34	$	187.35
Russell 2000 Index	$	100.00	$	74.93	$	83.18	$	91.55	$	98.41	$	138.07
S&P 600 Index	$	100.00	$	83.17	$	90.44	$	98.26	$	102.96	$	140.71
Nasdaq US Benchmark Auto Parts TR Index	$	100.00	$	72.52	$	84.94	$	66.07	$	60.48	$	73.57

ITEM 6. [RESERVED]

ITEM 7. 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 audited consolidated financial statements and notes.

Business Overview

Strattec is a global automotive access company that designs and delivers safe, secure, and highly engineered access solutions for the automotive and mobility industries. Built on generations of access and security engineering expertise, Strattec partners closely with OEMs to create differentiated, system-level access experiences for end consumers. Strattec's portfolio spans the access journey from Permission, enabling secure vehicle entry through advanced mechanical and electronic systems; to Motion, delivering effortless, reliable powered access that enhances everyday usability; and through to Hold, providing precision-engineered latching solutions that give drivers confidence through proven strength, safety, and durability trusted by OEMs worldwide. As access becomes increasingly intelligent, connected, and central to vehicle experience, Strattec's strategy is to expand its market share, further diversify its customers and geographic reach while becoming the most trusted access partner to drive long-term growth across global automotive and mobility markets. While the Company serves major automotive OEMs globally, the majority of sales are to the three largest automobile original equipment manufacturers in North America.

Current Business Update

Our strategic priority is to execute on 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 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. 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. The strength of our balance sheet also supports continued investments in process modernization, automation and new product innovation, as well as the flexibility needed to navigate through industry cycles.

Fiscal 2026 Financial Highlights

- Grew net sales 3% to $579.4 million driven by pricing and volume increases
- Expanded gross margin 150 basis points to 16.5%
- Delivered a 10% increase in net income to $20.6 million, or $5.00 per diluted share
- Generated $46.3 million of cash flow from operations driven by cash earnings and working capital management
- Returned $7.4 million of capital to shareholders through the repurchase of over 2% of our outstanding common stock

Business Transformation

During fiscal 2026, we continued executing on our multi-year business transformation. We made significant progress on organizational restructuring actions, operational improvements and investments in business processes and technology. We reduced total headcount by approximately 7% during the year while maintaining support for customer programs and key growth initiatives. Operationally, we continued implementing initiatives designed to improve efficiency and cost competitiveness, including manufacturing automation, freight optimization and supply chain resiliency projects. These efforts contributed to improved gross profit margin despite foreign exchange headwinds and fluctuating customer production schedules. We also advanced several foundational process and technology initiatives intended to strengthen decision-making, improve data visibility, and increase organizational effectiveness.

Commercially, we continued efforts to strengthen customer engagement, improve quoting and program management processes, refine our product portfolio and pursue opportunities to win new business from both existing and prospective customers. The automotive industry is characterized by long product development and customer sourcing cycles. New vehicle programs are typically awarded several years before the start of production, requiring suppliers to invest significant engineering, validation, tooling and program management resources well in advance of realizing sales. Customer relationships are often developed over an extended period, and it may take five to seven years or longer to establish new OEM relationships, demonstrate technical capabilities, earn customer trust and secure meaningful production awards. As a result, we are actively working to be included on vehicle platforms scheduled for production in model years 2030 and beyond. We are also working to expand our reach to a broader customer set than we have addressed historically. Our strategic initiatives are aimed at building a more predictable business that can generate consistent cash flow across industry cycles.

We believe these transformational initiatives, combined with ongoing investments in organizational capabilities, will better position the Company to respond in a changing automotive market.

Capital Allocation

Over the past two years we have driven significant cash flow from operations which has resulted in the repayment of all existing debt and continued strengthening of our balance sheet. We are committed to a disciplined capital allocation approach, designed to maximize long-term shareholder value while maintaining financial flexibility through industry cycles. Our first priority is to maintain a strong balance sheet and sufficient liquidity to support working capital requirements and capital expenditures, and allow us to navigate potential market volatility. Given the cyclical nature of the automotive industry and ongoing macroeconomic uncertainty, we believe maintaining a strong balance sheet enhances our ability to invest through economic cycles and respond to changing customer and market conditions. Our second priority is investing in the business to support long-term growth and operational improvement. These investments include customer program launches, product development, manufacturing automation, cost reduction initiatives, information technology investments, and other strategic initiatives intended to improve our competitiveness and margins. Third, we evaluate opportunities to return excess capital to shareholders. Subject to market conditions and investment opportunities we may repurchase shares on an opportunistic basis and to offset dilution associated with equity compensation programs. We also allocate capital to pursue strategic acquisition opportunities that enhance our capabilities, expand customer relationships, increase scale, improve margins, or otherwise support our long-term strategic objectives.

Market & Macro Environment

The North American automotive market continues to experience uncertainty driven by evolving trade policies, foreign exchange fluctuations, changing vehicle affordability dynamics, shifting OEM production schedules and emerging Chinese OEMs. Industry production levels remained below historical peak levels during fiscal 2026, and third-party forecasts indicate a modest (2% to 3%) decline in North American light vehicle production in fiscal 2027, while our primary customers are expected to decline 5% to 6% over the next year. Recent production forecasts have been impacted by tariff-related uncertainty, consumer demand trends, and a reduced number of scheduled vehicle launches by certain OEMs. Several of our largest customers, including Ford, General Motors, and Stellantis, continue to operate in a highly competitive environment characterized by declining market share positions, ongoing electrification strategy adjustments, and efforts to optimize vehicle inventories and production schedules. Industry participants remain focused on balancing production with retail demand following the inventory rebuilding experienced after the COVID-19 supply disruptions.

The global trade environment also remains dynamic. During fiscal 2026, the United States implemented and modified tariffs on certain imported goods, while other countries introduced reciprocal measures and trade restrictions. In addition, the ongoing review of the United States-Mexico-Canada Agreement ("USMCA") and potential future changes to regional content requirements, rules of origin, and tariff treatment have contributed to uncertainty across the North American automotive supply chain. These developments have required us to evaluate sourcing strategies, localization opportunities, and supply chain resiliency initiatives.

Foreign currency movements, particularly fluctuations in the Mexican peso relative to the U.S. dollar, remain an important factor affecting our operating results. Because a significant portion of the Company's manufacturing operations are located in Mexico, peso appreciation increases labor and manufacturing costs when translated into U.S. dollars. During fiscal 2026, changes in foreign exchange rates affected both operating costs and the mark-to-market valuation of the Company's foreign currency hedging program. The Company continues to utilize forward currency contracts to reduce a portion of its exposure to Mexican peso fluctuations.

While macroeconomic uncertainty, fluctuating OEM production volumes, tariffs, and foreign exchange volatility remain challenges, we believe the actions taken during fiscal 2026 have improved profitability and enhanced cash generation. As we enter fiscal 2027, we remain focused on continuing to advance our strategic priorities, executing the business transformation, strengthening operational performance, and delivering long-term value for shareholders.

Analysis of Results of Operations

The following discussion is a comparison between fiscal 2026 and fiscal 2025 results. For a discussion of our results of operations comparing fiscal 2025 to fiscal 2024, refer to Item 7 of Part II, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended June 29, 2025, which was filed with the SEC on August 25, 2025 and is available on our website.

Year ended June 28, 2026 (fiscal 2026) compared with the year ended June 29, 2025 (fiscal 2025)

The Company's consolidated results of operations for the years ended June 28, 2026 and June 29, 2025 were as follows (in thousands):

	Years Ended		Change	
	June 28, 2026	June 29, 2025	$	%
Net sales	$ 579,392	$ 565,066	$ 14,326	3%
Direct material costs	318,628	315,320	3,308	1%
Labor and overhead costs	165,399	165,169	230	0%
Cost of goods sold	484,027	480,489	3,538	1%
Gross profit	95,365	84,577	10,788	13%
Gross margin	*16.5%*	*15.0%*		*150 bp*
Selling, administrative and engineering expenses	68,842	61,793	7,049	11%
Income from operations	26,523	22,784	3,739	16%
Operating margin	*4.6%*	*4.0%*		*60 bp*
Interest income	3,500	2,039	1,461	72%
Interest expense	(359)	(1,007)	648	-64%
Other income, net	3,298	820	2,478	302%
Income before income taxes and non-controlling interest	32,962	24,636	8,326	34%
Income tax expense	11,339	5,717	5,622	98%
Net income	21,623	18,919	2,704	14%
Net income attributable to non-controlling interest	1,025	234	791	338%
Net income attributable to Strattec	$ 20,598	$ 18,685	$ 1,913	10%
Earnings per share attributable to Strattec:				
Basic	$ 5.07	$ 4.64	$ 0.43	9%
Diluted	$ 5.00	$ 4.58	$ 0.42	9%

Net sales in fiscal 2026 totaled $579.4 million, an increase of $14.3 million, or 3%, compared with fiscal 2025 net sales of $565.1 million. The year-over-year increase was driven by $11.0 million of pricing, including $2.6 million of U.S. tariff surcharges and price increases, and $3.3 million of additional volume. Sales volumes reflected a $9.5 million increase on existing platforms and $3.3 million of net new program launches, which were partially offset by $9.5 million in reduced sales associated with customer cancelled electric vehicle ("EV") programs compared to the prior-year.

Material costs increased $3.3 million primarily due to higher sales volumes, while labor and overhead costs increased $0.2 million. Increased conversion costs were due to higher sales volumes and a $6.5 million headwind from changes in foreign currency exchange rates. These increases were partially offset by $5.4 million in savings from previously completed restructuring actions and $1.7 million lower provisions for annual bonuses.

Gross profit was $95.4 million in fiscal 2026, compared with $84.5 million in the comparable prior-year period. Despite unfavorable changes in foreign currency exchange rates, gross margin improved year-over-year from 15.0% to 16.5%, a 150 basis point improvement, reflecting our focused efforts to manage our cost structure, incremental production volumes and pricing actions.

Selling, administrative, and engineering expenses were 11.9% of sales in fiscal 2026, compared with 10.9% in the prior-year period. Total Selling, administrative, and engineering expenses were $68.8 million in fiscal 2026, an increase of $7.0 million year-over-year. The increase in costs reflects $3.3 million associated with investments in additional talent, $3.3 million of incremental business transformation costs and $1.3 million of incremental restructuring and voluntary retirement costs related to efforts to improve our cost structure. These increases were partially offset by reduced executive transition costs of $1.4 million and $1.2 million of lower provisions for annual bonuses.

Interest income increased $1.5 million due to increased levels of cash and cash equivalents, which are invested in overnight money market funds, while interest expense decreased $0.6 million, the result of debt repayments.

Other income, net increased from $0.8 million in fiscal 2025 to $3.3 million in fiscal 2026. The increase in Other income, net was primarily due to $4.9 million realized gains on peso forward contracts, partially offset by $1.6 million foreign currency transaction losses and $0.8 million non-service pension and postemployment costs.

The effective income tax rate was 34.4% and 23.2% for fiscal 2026 and 2025, respectively. The effective rate for both periods differs from the statutory rate because of the foreign rate differential, state income taxes, research and development tax credits, limitations on the utilization of tax credits and non-deductible items. Additionally, the fiscal 2026 effective tax rate was impacted by a $1.0 million increase to valuation allowances and a $2.9 million increase to reserves for uncertain tax positions. See Note 6, "Income Taxes," for additional information.

Fiscal 2026 net income attributable to Strattec was $20.6 million, a 10% increase compared with $18.7 million in fiscal 2025. Incremental production volumes, coupled with pricing and restructuring actions drove improved profitability, despite headwinds from changes in foreign currency exchange rates and continued investments in the business. Earnings per diluted share were $5.00 in fiscal 2026, compared with $4.58 in the prior year.

Liquidity and Capital Resources

At June 28, 2026, we had $108.2 million of cash and cash equivalents, of which $3.8 million was held by our foreign subsidiaries. The following table summarizes our cash flows provided by (used in) operating, investing and financing activities (in millions):

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Cash flows from:			
Operating activities	$ 46.3	$ 71.7	$ 12.3
Investing activities	(5.4)	(7.2)	(7.8)
Financing activities	(16.9)	(4.9)	-
Effect of exchange rate changes on cash	(0.3)	(0.4)	0.3
Net increase in cash and cash equivalents	$ 23.7	$ 59.2	$ 4.8

Fiscal 2026 cash flow from operations increased our balance sheet cash position, allowed us to repay all outstanding bank debt, repurchase common stock and continue to invest in the business. Cash flow from operations was $46.3 million compared with $71.7 million in the prior year. Current year cash from operations reflects improved cash earnings, while the prior year benefited from a significant reduction in primary working capital and the recovery of pre-production costs. Net cash used in investing activities was $5.4 million during fiscal 2026 compared with $7.2 million in the prior-year period. Capital expenditures to support new product programs and the upgrade and replacement of existing equipment were $7.3 million which was partially offset by $1.9 million of proceeds from the sale of property, plant and equipment. Current year cash used in financing activities resulted from the repayment of $8.0 million under our joint venture revolving credit agreement, $7.4 million repurchases of our common stock and the payment of $1.4 million for taxes withheld for the vesting of share-based awards.

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):

	June 28, 2026	PWC %	June 29, 2025	PWC %
Accounts receivable, net	$ 99	16%	$ 102	17%
Inventory, net	64	11%	65	11%
Accounts payable	(55)	(9%)	(66)	(11%)
Primary working capital	$ 108	18%	$ 101	17%

Cash Requirements and Contractual Obligations

Future Capital Expenditures

We anticipate capital expenditures will be approximately $12.0 million in fiscal 2027 in support of requirements for new product programs and the upgrade and replacement of existing equipment.

Stock Repurchase Program

On May 28, 2026, the Board of Directors authorized a new share repurchase program under which we may repurchase up to $40.0

million of its outstanding common stock. The authorization has no fixed expiration date and does not obligate us to acquire any specific amount of common stock. During the fourth quarter of fiscal 2026 and prior to termination of our previous repurchase authorization, we repurchased 110,269 shares of common stock for $7.4 million. As of June 28, 2026, no shares had been repurchased under the new authorization and the full $40.0 million remained available for repurchase. Repurchases under the program, if any, are expected to be funded through cash generated from operations and existing cash balances.

Credit Facilities

We have a revolving credit facility with BMO Harris Bank N.A., which provides for a $40 million revolving line of credit maturing October 2028. The Company's joint venture also has a revolving credit agreement with BMO Harris Bank N.A., which provides for a $10 million asset-based revolving line of credit, subject to a borrowing base, maturing October 2028.

There were no outstanding borrowings and no interest due on either facility as of June 28, 2026. The repayment of any balance drawn on these facilities and the related interest payment obligations are expected to be funded by cash flow from operations and current cash balances. For further information related to our credit facilities, see Note 3, "Credit Facilities," for additional information.

Income Taxes

We may be required to make cash outlays related to our unrecognized tax benefits, including interest and penalties. As of June 28, 2026, we had unrecognized tax benefits, including interest and penalties, of $4.7 million. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. For further information related to our unrecognized tax benefits, see Note 6, "Income Taxes," for additional information.

Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with U.S. GAAP. This requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. The following estimates are considered by management to be the most critical in understanding judgments involved in the preparation of our consolidated financial statements and uncertainties that could impact our results of operations, financial position and cash flow.

Revenue Recognition

We enter into contracts with our customers generally at the beginning of a vehicle's lifecycle. Typically, these contracts do not provide for a specified quantity of products, but once entered into, we are often expected to fulfill our customers' purchasing requirements for the life of the vehicle. These contracts may be terminated by our customers at any time. Historically, terminations of these contracts have been infrequent.

Throughout a vehicle's lifecycle, we receive purchase orders from our customers, which provide the commercial terms for a sale transaction. Revenue is typically recognized at a point in time based on the transaction price and the quantity of parts shipped to the customer. Discrete price adjustments may occur during the vehicle production period in order for us to remain competitive with market prices or based on changes in product specifications or based on changes in significant input costs for the products. In the event the Company concludes that a portion of the revenue for a given product may vary from the purchase order, we record consideration at the most likely amount to which we expect to be entitled based on historical experience and input from customer negotiations.

Warranty

We have a warranty reserve recorded related to our exposure to warranty claims in the event our products fail to perform as expected, and we may be required to participate in the repair costs incurred by our customers for such products. The recorded warranty reserve balance involves judgment and estimates. Our reserve estimate is based on an analysis of historical warranty data as well as current trends and information. Actual warranty costs might differ from estimates due to the level of actual claims varying from our historical claims experience and estimates and final negotiations and settlements reached with our customers. Therefore, future actual claims experience could result in changes in our estimates of the required reserve. Sensitivity of potential warranty claims is dependent on the respective customer platform, volumes, production years and product content.

Income Tax

Judgment is required to determine the annual effective income tax rate, deferred tax assets and liabilities, reserves for unrecognized tax benefits and any valuation allowances recorded against net deferred tax assets. Our effective income tax rate is based on annual income, statutory tax rates, tax planning opportunities available in the various jurisdictions in which we operate and other adjustments. Tax regulations require items to be included in our tax returns at different times than these same items are reflected in our consolidated financial statements.

As a result, these differences and the interplay in tax laws between jurisdictions may cause our estimates of income tax liabilities to differ from actual payments or assessments. Some of these differences are permanent, such as expenses that are not tax deductible, while others are temporary differences, such as amortization and depreciation expenses. Temporary differences create deferred tax assets and liabilities, which are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We establish valuation allowances for our deferred tax assets when the amount of expected future taxable income is not large enough to utilize the entire deduction or credit. Relevant factors in determining the realizability of deferred tax assets include future taxable income, the expected timing of the reversal of temporary differences, tax planning strategies and the expiration dates of the various tax attributes.

While we have support for the positions taken on tax returns, taxing authorities may assert different interpretations of laws and facts and may challenge cross-jurisdictional transactions. We assess our income tax positions and record tax liabilities for all years subject to examination based upon management's evaluation of the facts and circumstances and information available at the reporting dates. For those tax positions which do not meet the more-likely-than-not threshold regarding the ultimate realization of the related tax benefit, no tax benefit has been recorded in the financial statements.

Post-employment Benefits

We have post-employment liabilities, including a supplemental executive retirement plan, termination indemnity plans and seniority premium obligations that are developed from actuarial valuations. These valuations include key assumptions regarding discount rates, expected return on plan assets and rate of compensation increases. We consider current market conditions in selecting these assumptions. While the Company believes that these assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's liability or future expense.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the normal course of business, primarily from changes in interest rates, foreign currency exchange rates, and prices of certain production materials. The disclosures below relate to market risk sensitive instruments and other exposures we believe are material to our business. We do not enter into derivative instruments for trading or speculative purposes.

Interest Rate Risk

We are exposed to interest rate risk if we borrow under our revolving credit facilities. There were no outstanding borrowings under the revolving credit facility at June 28, 2026. Refer to Note 3, "Debt," in the Notes to Consolidated Financial Statements for more information on interest rates.

Commodity Risk

We are exposed to market risk from changes in the prices of production materials, principally steel, zinc, resins and plastics, which are significant inputs to our products. Our exposure to these costs is managed primarily through commercial arrangements rather than financial instruments. For certain commodities, the Company has entered into purchase or sales agreements under which pricing is adjusted by reference to published market indices, which serves to align a portion of our raw material cost movements with corresponding adjustments in the prices charged to, or paid by, customers and suppliers and thereby reduces our net exposure for those commodities. Index-based adjustments and customer recoveries are subject to timing lags, periodic reset provisions, and negotiation, and a portion of our commodity purchases is not covered by index-based or pass-through arrangements. As a result, there can be no assurance that we will recover all increases in production material costs from customers or recover them in the period in which the costs are incurred.

Foreign Currency Risk

We have international operations, including significant operations in Mexico, which expose us to foreign currency exchange rate risk. A portion of our manufacturing costs is denominated in Mexican pesos, and changes in the U.S. dollar/Mexican peso exchange rate affect our results of operations and cash flows. A hypothetical 10% strengthening or weakening of the U.S. dollar relative to the Mexican peso would have affected fiscal 2026 cost of goods sold by approximately $7.0 million. This sensitivity analysis is based on peso-denominated operating costs incurred during fiscal 2026 and does not reflect the potential impact of pricing actions, productivity initiatives, customer recoveries, or other mitigating actions. We also use foreign currency forward contracts to mitigate a portion of this exposure, and therefore actual results may differ from the sensitivity analysis presented above.

We also translate the assets and liabilities of foreign operations where the U.S. dollar is not the functional currency at period-end exchange rates and translate expenses at average exchange rates in effect during the period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive loss. Foreign currency translation adjustments were a gain of $2.7 million in fiscal 2026 and a loss of $1.2 million in fiscal 2025.

To manage a portion of our short-term foreign currency exposure, principally related to peso-denominated operating costs, we enter into Mexican peso forward contracts. These contracts are not designated as hedges for accounting purposes and are not used for trading or speculative purposes. The contracts are recorded at fair value in the consolidated balance sheets, and changes in fair value are recognized in Other income, net. At June 28, 2026 and June 29, 2025, the aggregate notional amounts of outstanding foreign currency forward contracts were $92.3 million and $32.0 million, respectively. We recognized net gains on these contracts of $4.6 million, $1.9 million, and $0.9 million in fiscal 2026, 2025, and 2024, respectively.

Separately, net foreign currency transaction gains (losses) arising from the remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency were $(1.6) million, $(0.6) million and $2.2 million in fiscal 2026, 2025 and 2024, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Strattec Security Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Strattec Security Corporation and subsidiaries (the "Company") as of June 28, 2026, and June 29, 2025, the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows, for the fiscal years ended June 28, 2026, June 29, 2025, and June 30, 2024 and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 28, 2026 and June 29, 2025, and the results of its operations and its cash flows for the fiscal years ended June 28, 2026, June 29, 2025, and June 30, 2024 in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 28, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 28, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

General Warranty Reserve – Refer to Note 2 to the Financial Statements

Critical Audit Matter Description

The Company records a general warranty reserve for potential exposure to warranty claims in the event its products fail to perform as expected and when it is probable that they will participate in the repair costs incurred by its customers for such products.

The general warranty reserve is estimated based on management's analysis of historical warranty data, current trends and information, projected claims for products sold, and the terms of specific agreements. The general warranty reserve requires management to apply significant judgment to develop its estimate. Actual warranty costs may differ from management's estimated costs as a result of, but not limited to, negotiation with customers, changes to the assumptions of repair and/or replacement costs, and repair rate. Such matters may require future adjustments to the reserve which could be material.

We identified the general warranty reserve as a critical audit matter because estimating future warranty costs requires significant judgment by management. Auditing management’s assumptions about management’s estimated future warranty costs involves a high degree of auditor judgment and an increased extent of effort to evaluate the reasonableness of management’s estimates.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination of the general warranty reserve included the following, among others:

- We tested the effectiveness of internal controls relating to management’s process for developing the assumptions and inputs used to estimate the general warranty reserve.

- We evaluated the methods and significant assumptions, including the frequency and average cost of warranty claims, used by management to estimate the general warranty reserve by:

  o Evaluating the methodology used to determine the general warranty reserve in order to understand how key assumptions were developed.

  o Testing the accuracy of the underlying data that served as the basis for the analysis, including historical failure rates and costs to repair, share rates agreed upon with the customers, and units sold.

  o Testing the completeness of the general warranty reserve by conducting inquiries of operational and executive management regarding knowledge of product issues and evaluating whether they were appropriately considered in the determination of the general warranty reserve.

  o Testing the mathematical accuracy of management’s calculation of the general warranty reserve.

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
August 28, 2026

We have served as the Company's auditor since 2023.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Strattec Security Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Strattec Security Corporation and subsidiaries (the "Company") as of June 28, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 28, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 28, 2026 of the Company and our report dated August 28, 2026 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report* on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
August 28, 2026

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

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Net sales	$ 579,392	$ 565,066	$ 537,766
Cost of goods sold	484,027	480,489	472,298
Gross profit	95,365	84,577	65,468
Selling, administrative and engineering expenses	68,842	61,793	47,654
Income from operations	26,523	22,784	17,814
Interest income	3,500	2,039	572
Interest expense	(359)	(1,007)	(900)
Other income, net	3,298	820	2,717
Income before income taxes and non-controlling interest	32,962	24,636	20,203
Income tax expense	11,339	5,717	3,775
Net income	21,623	18,919	16,428
Net income attributable to non-controlling interest	1,025	234	115
Net income attributable to Strattec	$ 20,598	$ 18,685	$ 16,313
Earnings per share attributable to Strattec			
Basic	$ 5.07	$ 4.64	$ 4.10
Diluted	$ 5.00	$ 4.58	$ 4.07

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Net income	$ 21,623	$ 18,919	$ 16,428
Other comprehensive income (loss), net of tax:			
Currency translation adjustments	2,651	(1,170)	(2,794)
Pension and postretirement plans	306	281	193
Total other comprehensive income (loss), net of tax	2,957	(889)	(2,601)
Comprehensive income	24,580	18,030	13,827
Comprehensive income (loss) attributable to non-controlling interest	2,012	(231)	(991)
Comprehensive income attributable to Strattec	$ 22,568	$ 18,261	$ 14,818

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

	June 28, 2026	June 29, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 108,243	$ 84,579
Receivables, net	99,109	102,061
Inventories:		
Finished products	11,775	12,398
Work in process	11,905	11,303
Purchased materials	40,630	41,000
Inventories, net	64,310	64,701
Pre-production costs	6,489	8,657
Value added tax recoverable	10,069	19,389
Income tax recoverable	2,243	2,465
Other current assets	5,810	8,211
Total current assets	296,273	290,063
Noncurrent Assets:		
Property, plant and equipment:		
Land and improvements	6,915	6,582
Buildings and improvements	42,969	39,821
Machinery and equipment	225,548	236,545
Total property, plant and equipment	275,432	282,948
Less: accumulated depreciation	205,587	205,538
Property, plant and equipment, net	69,845	77,410
Deferred income taxes	16,080	19,531
Other noncurrent assets	5,281	4,450
Total Assets	$ 387,479	$ 391,454
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 54,973	$ 65,824
Accrued payroll and benefits	20,773	22,956
Value added tax payable	7,429	11,933
Income tax payable	197	88
Warranty reserve	6,673	8,900
Other current liabilities	12,186	9,649
Total current liabilities	102,231	119,350
Noncurrent Liabilities:		
Borrowings under credit facilities	-	8,000
Post-employment benefits	13,350	13,325
Other noncurrent liabilities	6,401	4,348
Total Liabilities	$ 121,982	$ 145,023
Shareholders' Equity:		
Common stock, authorized 18,000,000 shares, \$.01 par value, 7,704,994 issued shares at June 28, 2026 and 7,635,883 issued shares at June 29, 2025	$ 77	$ 76
Capital in excess of par value	107,138	103,784
Retained earnings	289,895	269,297
Accumulated other comprehensive loss	(14,143)	(16,113)
Less: treasury stock, at cost (3,727,322 shares at June 28, 2026 and 3,596,549 shares at June 29, 2025)	(144,321)	(135,452)
Total Strattec shareholders' equity	238,646	221,592
Non-controlling interest	26,851	24,839
Total Shareholders' Equity	265,497	246,431
Total Liabilities and Shareholders' Equity	$ 387,479	$ 391,454

The accompanying notes are an integral part of these Consolidated Financial Statements.

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
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 -- July 2, 2023	$ 75	$ 100,309	$ 234,299	$ (14,194)	$ (135,526)	$ 26,061	$ 211,024
Net income	—	—	16,313	—	—	115	16,428
Currency translation adjustments	—	—	—	(1,688)	—	(1,106)	(2,794)
Pension and postretirement funded status adjustment, net of tax of $59	—	—	—	193	—	-	193
Purchase of former joint venture non-controlling interest	—	(775)	—		—	-	(775)
Stock-based compensation	—	1,467	—	—	—	-	1,467
Share issuances	1	23	—	—	48	-	72
Balance -- June 30, 2024	$ 76	$ 101,024	$ 250,612	$ (15,689)	$ (135,478)	$ 25,070	$ 225,615
Net income	—	—	18,685	—	—	234	18,919
Currency translation adjustments	—	—	—	(705)	—	(465)	(1,170)
Pension and postretirement funded status adjustment, net of tax of $82	—	—	—	281	—	—	281
Stock-based compensation	—	2,725	—	—	—	—	2,725
Share issuances	—	35	—	—	26	—	61
Balance -- June 29, 2025	$ 76	$ 103,784	$ 269,297	$ (16,113)	$ (135,452)	$ 24,839	$ 246,431
Net income	—	—	20,598	—	—	1,025	21,623
Currency translation adjustments	—	—	—	1,664	—	987	2,651
Pension and postretirement funded status adjustment, net of tax of $89	—	—	—	306	—	—	306
Stock-based compensation	—	3,305	—	—	—	—	3,305
Shares withheld for taxes on stock-based awards	—	—	—	—	(1,442)	—	(1,442)
Share issuances	1	49	—	—	14	—	64
Repurchases of common stock under share repurchase program	—	—	—	—	(7,441)	—	(7,441)
Balance -- June 28, 2026	$ 77	$ 107,138	$ 289,895	$ (14,143)	$ (144,321)	$ 26,851	$ 265,497

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
OPERATING ACTIVITIES:			
Net income	$ 21,623	$ 18,919	$ 16,428
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	15,085	14,764	16,547
Foreign currency transaction loss (gain)	1,560	591	(2,153)
Deferred income taxes	3,563	(1,890)	(4,711)
Stock-based compensation expense	3,305	2,725	1,467
Unrealized loss (gain) on peso contracts	349	(2,314)	—
Other, net	345	1,348	919
Change in operating assets and liabilities:			
Receivables	2,992	(3,085)	(9,356)
Inventories	391	16,948	(4,052)
Prepaids and other assets	9,466	12,027	(13,562)
Accounts payable	(10,431)	10,674	(3,016)
Accrued liabilities	(1,944)	970	13,754
Net cash provided by operating activities	46,304	71,677	12,265
INVESTING ACTIVITIES:			
Proceeds from sale of interest in joint ventures	—	—	2,000
Purchase of property, plant and equipment	(7,328)	(7,156)	(9,788)
Proceeds from sale of property, plant and equipment	1,930	—	—
Net cash used in investing activities	(5,398)	(7,156)	(7,788)
FINANCING ACTIVITIES:			
Borrowings under credit facilities	—	3,000	2,000
Repayments under credit facilities	(8,000)	(8,000)	(2,000)
Payment for debt issuance costs	(132)	—	—
Repurchases of common stock under share repurchase program	(7,400)	—	—
Payment for taxes withheld from stock-based awards	(1,442)	—	—
Share issuances	64	61	72
Net cash (used in) provided by financing activities	(16,910)	(4,939)	72
Foreign currency impact on cash	(332)	(413)	290
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,664	59,169	4,839
CASH AND CASH EQUIVALENTS:			
Beginning of year	84,579	25,410	20,571
End of year	$ 108,243	$ 84,579	$ 25,410
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Income taxes	$ 4,746	$ 14,174	$ 3,801
Interest	$ 218	$ 1,007	$ 888
Non-cash investing activities:			
Change in capital expenditures in accounts payable	$ (79)	$ (422)	$ 171

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

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 original equipment manufacturers ("OEMs") globally, the majority of sales are to the three largest OEMs in North America.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP) and reflect the consolidated results of Strattec. All significant intercompany transactions and balances have been eliminated in consolidation. The Company's fiscal year ends on the Sunday nearest June 30. The years ended June 28, 2026, June 29, 2025, and June 30, 2024 are each comprised of 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses for the periods presented. These estimates and assumptions could also affect the disclosure of contingencies. Actual results and outcomes may differ from management's estimates and assumptions.

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 adopted this standard prospectively with the additional and enhanced disclosures presented in Note 6, "Income taxes."

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.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term investments with an original maturity of three months or less due to the short-term nature of the instruments. Excess cash balances are invested in money market funds.

Receivables

Receivables are stated net of an allowance for credit losses. The collectability of receivables is evaluated on an ongoing basis. An allowance for credit losses is recorded for estimated amounts of receivables not expected to be collected based upon factors such as age of the outstanding receivables, historical payment experience, customer creditworthiness and general economic conditions.

Inventories

Inventories are comprised of material, direct labor and manufacturing overhead, and are stated at lower of cost or net realizable value using the first-in, first-out ("FIFO") cost method.

Excess and obsolete inventory reserves are recorded based on historical and estimated future demand and market conditions. The reserve level is determined by comparing inventory levels of individual raw materials, components and finished goods to historical usage and assessing the age of the inventory and likelihood of future sales. Technical obsolescence and other known factors are also considered in evaluating the reserve level.

Pre-production Costs

The Company incurs costs related to tooling used in the manufacture of products sold to its customers and engineering development. In some cases, the Company enters into contracts with its customers whereby the Company incurs the costs to design, develop and purchase tooling and is then reimbursed by the customer under a reimbursement contract. In addition, certain customer contracts include reimbursement of engineering development costs. Tooling costs and engineering development costs that will be reimbursed by customers are included in other Pre-production Costs in the accompanying consolidated balance sheets at lower of accumulated cost or the customer reimbursable amount. To the extent that costs incurred exceed the contractual reimbursement, amounts are recognized as expense in the accompanying consolidated income statement when incurred.

Value-Added Tax

The Company's Mexican subsidiaries are subject to value-added tax (“VAT”). VAT is paid on goods and services and collected on sales. A VAT certification generally allows for relief from VAT tax for temporarily imported goods.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Land improvements have an estimated useful life of 20 years, while buildings and improvements range from 15 to 35 years, and machinery and equipment range from 3 to 15 years.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such indicators are present, the recoverability of assets is assessed by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If an asset is determined to not be recoverable, the impairment recognized is calculated as the excess of the carrying amount of the asset over the fair value of the asset.

Leases

The Company determines whether a contractual arrangement is or contains a lease at contract inception. A lease liability and corresponding right-of-use asset are measured and recognized based on the present value of lease payments. To determine the present value of lease payments, the Company uses its incremental borrowing rate as of the lease commencement date, unless there is a rate implicit in the lease agreement. The incremental borrowing rate is based on the Company's credit rating, determined on a fully collateralized loan basis from information available at commencement date, and the duration of the lease term.

Operating lease assets are included in operating lease right-of-use assets and the related liabilities are included in current lease liabilities and non-current lease liabilities in the accompanying consolidated balance sheets. For all classes of underlying assets, the Company accounts for leases that contain separate lease and non-lease components as containing a single lease component. The Company does not recognize lease right-of-use assets and lease liabilities from leases with an original lease term of twelve months or less and, instead, recognizes rent payments on a straight-line basis over the lease term in the consolidated statements of income. Refer to Note 5, "Leases," for additional information.

Research and Development Costs

Expenditures relating to the development of new products and processes, including significant improvements and refinements to existing products, are expensed as incurred. Research and development expenditures were $21.8 million in 2026, $21.7 million in 2025, and $14.8 million in 2024.

Derivative Instruments

Derivative financial instruments are recognized as either assets or liabilities at fair value. The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Cash flows for all derivative financial instruments are typically classified in cash flows from operating activities. Derivative instruments are not used for trading or speculative purposes.

The Company enters into currency forward contracts covering a portion of peso denominated operating costs. The objective in entering into these contracts was to minimize earnings volatility resulting from changes in foreign currency exchange rates, specifically the Mexican peso. These currency forward contracts are not designated as hedges and, therefore, changes in fair value are recognized in Other income, net on the consolidated income statement.

Fair Value

The Company assesses the inputs used to measure the fair value of financial assets and liabilities using a three-tier hierarchy:

- *Level 1* -- Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that we have the ability to access at the measurement date.
- *Level 2* -- Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities.
- *Level 3* -- Unobservable inputs that include management's own judgments about the assumptions market participants would use in pricing an asset or liability.

The fair value of the Company's cash and cash equivalents, accounts receivable, post-employment plan assets, accounts payable and variable rate borrowings under revolving credit agreements approximated the book value at June 28, 2026 and June 29, 2025, due to their short-term nature and the fact that the interest rates, as applicable, approximated market rates. The fair value of all derivative instruments were based on quoted inactive market prices and therefore are classified as Level 2 within the valuation hierarchy.

Warranty Reserve

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 estimates related to pre-existing warranties are included in provision charged to expense in the table below. Changes in the warranty reserve were as follows (in thousands):

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Balance, beginning of period	$ 8,900	$ 10,695	$ 9,725
Provision charged to expense	2,838	(376)	2,608
Payments	(5,065)	(1,419)	(1,638)
Balance, end of period	$ 6,673	$ 8,900	$ 10,695

Revenue from Contracts with Customers

The Company enters into contracts with customers to provide production parts generally at the beginning of a vehicle's lifecycle. Typically, these contracts do not provide for a specified quantity of products, but once entered into, the Company is often expected to fulfill our customers' purchasing requirements for the production life of the vehicle. Many of these contracts may be terminated by our customers at any time. However, terminations of these contracts have been infrequent, historically.

Revenue is recognized at a point in time when control of the product is transferred to the customer under the terms of the contract, which is when parts are shipped or delivered. The amount of revenue recognized is based on the transaction price and the quantity of parts specified in the contract. Discrete price adjustments may occur during the vehicle production period in order for the Company to remain competitive with market prices or based on changes in product specifications. Some of these price adjustments require estimation. In the event the Company concludes that a portion of the revenue for a given part may vary from the purchase order, the Company records consideration at the most likely amount to which the Company expects to be entitled based on historical experience and input from customer negotiations. The Company's customers pay for products received in accordance with payment terms that are customary within the industry.

Income Taxes

The Company records income tax expense using the liability method which specifies that deferred tax assets and liabilities be measured each year based on the difference between the financial statement and tax base of assets and liabilities at the applicable enacted tax rates.

A valuation allowance is provided for deferred tax assets when management considers it more likely than not that the asset will not be realized. At June 28, 2026 and June 29, 2025, a valuation allowance has been provided for certain deferred tax assets which the Company has concluded are more likely than not to not be realized. If future annual taxable income were to be significantly less than current and projected levels, there is a risk that certain of our deferred tax assets not already provided for by the valuation allowance would expire prior to utilization.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company recognizes the interest and penalties related to income tax matters in income tax expense.

Foreign Currency Translation

The financial statements of the Company's foreign subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and the average exchange rate for each applicable period for sales, costs and expenses. Foreign currency translation adjustments are included as a component of accumulated other comprehensive loss.

Stock-Based Compensation

The Company recognizes the cost of equity-based compensation awards based on the fair value estimated in accordance with ASC 718, *Stock Based Compensation*. The Company records equity compensation expense for awards with only a service vesting condition based on the fair value of such awards at the grant date and recognizes compensation expense on a straight-line basis over the requisite service period. Equity compensation expense for awards with performance vesting conditions is recorded based on the probable outcome of those performance conditions over the requisite service period.

Earnings per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of the Company's common stock ("Common Stock") outstanding during the respective period. The Company's diluted earnings per share gives effect to all potential shares of Common Stock outstanding during a period that do not have an anti-dilutive impact to the calculation. In computing the number of diluted shares outstanding, the treasury stock method is used in order to arrive at a net number of shares assumed issued upon the conversion of Common Stock equivalents.

NOTE 3. 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 maturing October 2028. The facility bears interest at varying rates based on the bank's prime rate or SOFR plus 1.50%. There were no outstanding borrowings on the facility during fiscal 2026. The credit facility is secured by U.S. cash balances, accounts receivable, inventory, and fixed assets located in the U.S. and contains a restrictive financial covenant that requires a minimum net worth level.

The Company's joint venture, ADAC-Strattec LLC, entered into a revolving credit agreement with BMO Harris N.A. (the "Amended & Restated JV Credit Facility") on April 30, 2026, which provides for a $10 million asset-based revolving line of credit, subject to a borrowing base, maturing October 2028. The Amended & Restated JV Credit Facility bears interest at varying rates based on the bank's prime rate plus 1.00% or SOFR plus 1.75%. The Amended & Restated JV Credit Facility replaces the previous joint venture facility, which was terminated upon the closing of the agreement. The credit facility is secured by substantially all of the joint venture's assets and contains restrictive financial covenants that require a minimum net worth level and a minimum fixed charge coverage ratio.

As of June 28, 2026 and June 29, 2025, the Company was in compliance with all financial covenants.

Outstanding borrowings under the joint venture credit agreements were as follows (in thousands):

	June 28, 2026	June 29, 2025
Outstanding borrowings	$ -	$ 8,000

Average outstanding borrowings and the weighted average interest rate under the joint venture credit agreements were as follows (in thousands, except percentages):

	June 28, 2026	June 29, 2025
Average outstanding borrowings	$ 2,973	$ 12,654
Weighted average interest rate	7.2%	7.9%

NOTE 4. DERIVATIVE INSTRUMENTS

The aggregate notional amounts of outstanding foreign currency forward contracts were $92.3 million and $32.0 million at June 28, 2026 and June 29, 2025, respectively. The fair values of derivative instruments not designated as hedging instruments recorded in our consolidated balance sheets were as follows (in thousands):

Balance Sheet Classification	June 28, 2026	June 29, 2025
Other Current Assets	$ 2,361	$ 2,314
Other Current Liabilities	$ (264)	$ —
Other Noncurrent Liabilities	$ (132)	$ —

NOTE 5. LEASES

The Company has one operating lease for its El Paso, Texas distribution warehouse. Operating lease expense was $951,000, $951,000, and $989,000 for fiscal years of 2026, 2025 and 2024, respectively. The operating lease asset and obligation related to our operating lease included in the accompanying consolidated balance sheets are presented below (in thousands):

	Years Ended	
	June 28, 2026	June 29, 2025
Right-of-use asset:		
Other noncurrent assets	$ 2,171	$ 2,942
Lease liability:		
Other current liabilities	$ 910	$ 808
Other noncurrent liabilities	1,568	2,478
	$ 2,478	$ 3,286

Cash flow information related to the operating lease is shown below (in thousands):

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Operating Cash Flows:			
Cash paid related to operating lease obligation	$ 988	$ 941	$ 769

The weighted average remaining lease term and discount rate for our operating lease are shown below:

	Years Ended	
	June 28, 2026	June 29, 2025
Weighted average remaining lease term, (in years)	2.5	3.5
Weighted average discount rate	6.2%	6.2%

Future minimum lease payments, by fiscal year, including options to extend that are reasonably certain to be exercised, under our non-cancelable lease are as follows as of June 28, 2026 (in thousands):

Fiscal Year	Future Minimum Lease Payment
2027	$ 1,037
2028	1,089
2029	558
2030	—
Thereafter	—
Total future minimum lease payments	2,684
Less: imputed interest	(206)
Total lease obligations	$ 2,478

NOTE 6. INCOME TAXES

The income tax provisions were calculated based upon the following components of income before income tax and non-controlling interest (in thousands):

	Years Ended June 28, 2026	June 29, 2025	June 30, 2024
Income before income tax and non-controlling interest:			
Domestic	$ 22,265	$ 18,570	$ 11,766
Foreign	10,697	6,066	8,437
	$ 32,962	$ 24,636	$ 20,203

Income tax expense is summarized as following (in thousands):

	Years Ended June 28, 2026	June 29, 2025	June 30, 2024
Current:			
Federal	$ 1,085	$ 4,726	$ 4,466
State	238	336	619
Foreign	6,453	2,545	3,401
	7,776	7,607	8,486
Deferred:			
Federal	3,079	(1,103)	(3,988)
State	331	(138)	(538)
Foreign	153	(649)	(185)
	3,563	(1,890)	(4,711)
	$ 11,339	$ 5,717	$ 3,775

The table below provides the required disclosures for fiscal 2026 related to the Company's effective tax rate. See Note 2 Summary of Significant Accounting Policies — Recently Issued Accounting Standards for additional details on the adoption of ASU 2023-09, Income Taxes. Income tax provision differs from the amount that would be provided by applying the statutory U.S. corporate income tax rate for the years ended June 28, 2026, due to the following items (in thousands):

	Year Ended	
	June 28, 2026	Percent of Pre-tax Income
Income taxes at U.S. federal statutory rate	$ 6,922	21.0%
State taxes, net of federal benefit[1]	520	1.6
Foreign tax effects		
Mexico		
Statutory rate differential	963	2.9
Withholding taxes	454	1.4
Other	(141)	(0.4)
Effect of cross-border tax laws		
Mexico advanced pricing agreement	(836)	(2.5)
U.S. taxes on foreign branch	687	2.1
Other	(229)	(0.7)
Tax credits		
Research and development credits	(975)	(3.0)
Non-taxable or non-deductible items		
Non-controlling interest	(385)	(1.2)
Share-based payment awards	(453)	(1.4)
Officer compensation limitation	546	1.7
Other	175	0.5
Changes in unrecognized tax benefits	2,993	9.1
Changes in valuation allowance	1,027	3.1
Other	71	0.2
Income tax expense	$ 11,339	34.4%

[1] State taxes in Michigan made up the majority (greater than 50%) of the tax effect in this category.

The reconciliation of taxes at the Federal statutory rate to our provision for income taxes for the years ended June 29, 2025 and June 30, 2024 in accordance with the guidance prior to the adoption of ASU 2023-09 was as follows:

	Years Ended	
	June 29, 2025	June 30, 2024
Federal statutory rate	21.0%	21.0%
State taxes, net of federal tax benefit	1.0	2.7
Foreign subsidiaries	(1.7)	5.4
China non-resident capital gain tax	—	(1.6)
Valuation allowance	4.9	2.6
Return to provision adjustment	1.1	(6.1)
Research and development tax credit	(6.0)	(8.1)
Non-controlling interest	0.4	2.3
Stock-based compensation	(0.1)	0.7
Other	2.6	(0.2)
Effective income tax rate	23.2%	18.7%

Cash paid for income taxes (net of refunds) for the year ended June 28, 2026 is as follows (in thousands):

	Year Ended June 28, 2026
Federal	$ 2,071
State	31
Foreign:	
Mexico	2,644
	$ 4,746

At June 28, 2026, June 29, 2025 and June 30, 2024, the Company had total unrecognized tax benefits of $4.7 million, $1.9 million and $1.6 million, respectively, included in other noncurrent liabilities in the accompanying consolidated balance sheets. The Company recognizes interest and penalties as a component of income tax expense. At June 28, 2026, June 29, 2025 and June 30, 2024, the liability included accrued interest of $1.4 million, $0.2 million and $0.2 million, respectively. Substantially all these unrecognized tax benefits, if recognized, would impact the effective income tax rate.

The reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest, is as follows (in thousands):

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Unrecognized tax benefits, beginning of year	$ 1,669	$ 1,417	$ 1,395
Increases for tax positions taken in prior years	1,860	—	41
Decreases for tax positions taken in prior years	(189)	(6)	(59)
Increases for tax positions taken in current year	284	492	427
Lapse of statutes	(305)	(234)	(387)
Unrecognized tax benefits, end of year	$ 3,319	$ 1,669	$ 1,417

During fiscal 2026, the Company increased its reserve for unrecognized tax benefits by $1.8 million related to transfer pricing matters associated with its Mexican maquiladora operations. The increase reflects management's assessment of the expected outcome of ongoing discussions with the Mexican tax authorities regarding the application of an Advance Pricing Agreement methodology for certain historical tax years.

The deferred tax assets and deferred tax liabilities and related valuation allowance were comprised of the following (in thousands):

	Years Ended	
	June 28, 2026	June 29, 2025
Deferred tax assets:		
Research and development costs	$ 6,163	$ 10,396
Compensation and employee benefits	7,456	6,472
Other accrued expenses	4,094	4,871
Capital loss and credit carryforwards	5,656	4,923
Lease liabilities	552	739
Other	1,678	1,296
Gross deferred tax assets	25,599	28,697
Valuation allowance	(4,445)	(3,865)
Net deferred tax assets	21,154	24,832
Deferred tax liabilities:		
Property, plant and equipment	(3,565)	(3,167)
Lease right of use assets	(484)	(662)
Other	(1,025)	(1,472)
Gross deferred tax liabilities	(5,074)	(5,301)
Net deferred tax assets	$ 16,080	$ 19,531

The Company has foreign tax credit carryforwards of $2.7 million (expiring between 2031 and 2045), research and development credits of $0.8 million (expiring in 2046), state credits of $0.7 million (expiring between 2062 and 2077) and a capital loss carryforward of $1.7 million (expiring in 2029). The Company has established a full valuation allowance against the foreign tax credit carryforwards and capital loss carryforward based on its assessment of future realization.

Income tax returns are filed in the United States, Wisconsin, Michigan and various other states, as well as Mexico and other foreign jurisdictions. Tax years open to examination by tax authorities under the statute of limitations include fiscal 2023 through 2027 for federal, fiscal 2021 through 2026 for most states and calendar 2017 through 2025 for foreign jurisdictions.

NOTE 7. RETIREMENT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Supplemental Executive Retirement Plan

The Company has a Supplemental Executive Retirement Plan (“SERP”), which is a nonqualified plan that provides certain executives with a supplemental benefit upon retirement. The plan provides an annual 8% contribution based on a participant's base salary and cash bonus. The projected benefit obligation under the SERP was $1.3 million and $1.6 million at June 28, 2026 and June 29, 2025, respectively. The Company holds assets in a Rabbi Trust related to this retirement obligation. The Rabbi Trust assets do not qualify as plan assets. The assets had a value of $1.3 million at June 28, 2026 and $1.6 million at June 29, 2025.

Postretirement Health and Postretirement Life Plans

The Company also sponsors a postretirement health care plan for eligible U.S. retirees hired prior to June 1, 2001. The expected cost of retiree health care benefits is recognized during the years employees render service. The postretirement health care plan is unfunded. The projected benefit obligation for this plan was $0.3 million at June 28, 2026 and June 29, 2025. Additionally, the Company sponsors a postretirement life insurance plan for U.S. salaried employees who retired prior to October 1, 2001 and U.S. hourly employees who were hired prior to June 27, 2005 and retired prior to January 1, 2010. The postretirement life plan is unfunded. The projected benefit obligation for this plan was $0.8 million at June 28, 2026 and June 29, 2025.

Mexico Post-employment Benefits

The Company is obligated to pay seniority premiums and termination indemnities at the time of separation of an employee in our Mexico operations (collectively, "Mexico post-employment benefits"), in accordance with Mexican Federal Labor Laws. The benefit formula is based on an employee's seniority, age and salary. The following tables summarize the Mexico post-employment benefits net periodic benefit cost (credit), and actuarial assumptions (in thousands):

	Years Ended		
	June 28, 2026	**June 29, 2025**	**June 30, 2024**
Components of net periodic benefit cost:			
Service cost	$ 1,068	$ 1,012	$ 1,027
Interest cost	1,118	849	910
Return on plan assets	(113)	(118)	(113)
Plan settlements and curtailments	(269)	(50)	—
Actuarial (gain) loss	(380)	16	(159)
Net periodic benefit cost	$ 1,424	$ 1,709	$ 1,665
Weighted-average assumptions:			
Benefit obligations:			
Discount rate	9.7%	9.0%	8.0%
Expected return on plan assets	9.7%	9.5%	9.0%
Rate of compensation increases	5.0%	5.0%	5.0%
Net periodic benefit cost:			
Discount rate	9.2%	8.0%	8.5%
Expected return on plan assets	9.2%	9.0%	9.0%
Rate of compensation increases	5.0%	5.0%	5.0%

A reconciliation of the change in benefit obligation and the change in plan assets for the years ended June 28, 2026 and June 29, 2025 (in thousands):

	June 28, 2026	June 29, 2025
Benefit obligation at beginning of year	$ 11,998	$ 12,296
Service cost	1,068	1,012
Interest cost	1,118	849
Benefits paid	(1,553)	(918)
Plan settlements	(269)	(655)
Actuarial (gain) loss	(380)	16
Currency translation adjustment	903	(602)
Benefit obligation at end of year	$ 12,885	$ 11,998
Fair value of plan assets at beginning of year	$ 1,253	$ 1,158
Actual return	113	118
Employer contribution	1,553	918
Benefits paid	(1,553)	(918)
Currency translation adjustment	97	(23)
Fair value of plan assets at end of year	$ 1,463	$ 1,253
Funded status – accrued benefit obligations	$ (11,422)	$ (10,745)
Amounts recognized in consolidated balance sheets:		
Accrued payroll and benefits (current liabilities)	$ 565	$ 300
Post-employment benefits (noncurrent liabilities)	10,857	10,445
Net amount recognized	$ 11,422	$ 10,745

The accumulated benefit obligation for our Mexico post-employment benefits was $9.1 million at June 28, 2026 and $6.7 million at June 29, 2025.

We expect to contribute $865,000 to our Mexico post-employment benefit plan assets in fiscal 2027. The following benefit payments, which reflect expected years of future service, as appropriate, are expected to be paid during the fiscal years noted below (in thousands):

Fiscal Year	Mexico Post-employment Benefits
2027	$ 865
2028	$ 997
2029	$ 1,287
2030	$ 1,619
2031	$ 1,788
2032-2036	$ 11,675

Other Plans

The Company maintains a 401(k) plan for substantially all U.S. employees. Under plan provisions, the Company matches 100% of participant contributions to the plan, up to 5% of the employee's eligible base pay. Contributions to the 401(k) Plan were $2.1 million in fiscal 2026 compared with $2.0 million in fiscal 2025 and $1.9 million in fiscal 2024.

NOTE 8. SHAREHOLDERS' EQUITY

The following table summarizes changes to our common stock for the years ended June 28, 2026 and June 29, 2025:

	Years Ended	
	June 28, 2026	June 29, 2025
Outstanding at beginning of period	4,039,334	3,988,794
Shares issued under employee stock purchase plan	868	1,577
Shares repurchased under share repurchase program	(110,269)	-
Shares issued under equity incentive plans	47,739	48,963
Outstanding at end of period	3,977,672	4,039,334

During fiscal 2026, the Company repurchased 110,269 shares of common stock under its previously authorized share repurchase program at a total cost of $7.4 million. On May 28, 2026, the Board of Directors terminated the prior authorization and approved a new share repurchase program authorizing repurchases of up to $40.0 million of the Company's outstanding common stock. As of June 28, 2026, no shares had been repurchased under the new authorization.

NOTE 9. EARNINGS PER SHARE

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

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Net income attributable to Strattec	$ 20,598	$ 18,685	$ 16,313
Basic weighted-average shares outstanding	4,064	4,030	3,975
Effect of dilutive securities	58	46	29
Diluted weighted-average shares outstanding	4,122	4,076	4,004
Earnings per share attributable to Strattec			
Basic	$ 5.07	$ 4.64	$ 4.10
Diluted	$ 5.00	$ 4.58	$ 4.07

NOTE 10. STOCK-BASED COMPENSATION

The Company grants service-based restricted stock awards ("RSAs") and performance stock units ("PSUs") to employees and non-employee directors under the Strattec Security Corporation 2024 Equity Incentive Plan ("2024 Equity Incentive Plan"). Prior to October 2024, RSAs were granted under the Amended and Restated Strattec Security Corporation Stock Incentive Plan ("Stock Incentive Plan"). Awards granted under the 2024 Equity Incentive Plan that expire or are canceled without delivery of shares become available for re-issuance. No additional grants will be made under the Stock Incentive Plan.

The number of shares of the Company's common stock authorized under the 2024 Equity Incentive Plan is 550,000. As of June 28, 2026, there were 364,808 shares available for future awards.

Shares of restricted stock granted under approved plans have voting rights, earn dividends and vest over a pre-determined period of time, up to three years from the date of the grant. The fair value of restricted stock awards are based on the closing stock price on the date of grant.

As of June 28, 2026, 35,533 PSUs were outstanding which may be earned based on the achievement of certain financial metrics over a three-year period ending. The PSUs will vest ranging from 0% (for performance below threshold) to 200% (for performance above target) and continued employment. The fair value of PSUs was based on the closing stock price on the date of grant. The PSUs earn dividend equivalents during the vesting period while compensation expense is recognized over the service period when it is probable that the performance criteria will be met. As of June 28, 2026, there was $1.3 million of unrecognized compensation cost related to non-vested PSUs and $2.4 million of unrecognized compensation cost related to non-vested RSAs, which will be expensed over the remaining vesting period of approximately 2 years.

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 at July 2, 2023	87,900	$ 32.09	-	$ -
Granted	51,675	22.16	-	—
Vested	(56,750)	30.12	-	—
Forfeited	(3,500)	29.79	-	—
Nonvested Balance at June 30, 2024	79,325	$ 27.21	-	$ -
Granted	115,302	39.31	16,878	39.16
Vested	(48,963)	29.49	-	—
Forfeited	(16,525)	31.26	-	—
Nonvested Balance at June 29, 2025	129,139	$ 36.37	16,878	$ 39.16
Granted	36,912	67.45	19,506	68.06
Vested	(68,260)	35.43	(851)	67.50
Forfeited	(7,389)	48.11	-	—
Nonvested Balance at June 28, 2026	90,402	$ 48.28	35,533	$ 54.35

The Company also has an Employee Stock Purchase Plan which provides substantially all U.S. full-time associates an opportunity to purchase shares of Strattec common stock through payroll deductions. A total of 100,000 shares may be issued under the plan. A total of 40,359 shares remain available for purchase under the plan as of June 28, 2026.

NOTE 11. OTHER INCOME, NET

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

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Foreign currency transaction gain (loss)	$ (1,560)	$ (591)	$ 2,153
Rabbi trust assets gain	212	186	211
Realized gain (loss) on peso forward contracts, net	4,943	(406)	885
Unrealized gain (loss) on peso forward contracts, net	(349)	2,314	—
Non-service pension and postemployment cost	(813)	(1,176)	(395)
Other	865	493	(137)
	$ 3,298	$ 820	$ 2,717

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Years Ended	
	June 28, 2026	June 29, 2025
Foreign currency translation adjustments:		
Balance, beginning of period	$ 15,421	$ 14,716
Other comprehensive (income) loss before reclassifications	(2,651)	1,170
Other comprehensive (income) loss attributable to non-controlling interest	(987)	465
Balance, end of period	13,757	15,421
Retirement and postretirement benefit plans:		
Balance, beginning of period	$ 692	$ 973
Other comprehensive (income) loss before reclassifications	(127)	129
Unrecognized net income	(179)	(410)
Balance, end of period	386	692
Accumulated other comprehensive loss, end of period	$ 14,143	$ 16,113

NOTE 13. RELATED PARTY

The Company owns 51% of a joint venture, which was formed in 2007 to jointly conduct the business of manufacturing, warehousing and selling painted door handles and exterior trim products in Canada, the United States and Mexico. The following tables summarize the related party transactions that arise as a result of the joint venture operating agreement (in thousands):

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Management fee expense	$ 9,907	$ 9,893	$ 9,511
Net sales to joint venture partner	$ 6,070	$ 6,916	$ 9,718

	June 28, 2026	June 29, 2025
Accounts receivable from joint venture partner	$ 677	$ 731
Accounts payable to joint venture partner	$ 3,552	$ 7,413

NOTE 14. SEGMENT INFORMATION

The Company operates within the automotive industry, offering a range of closely related products with shared production processes, distribution channels, and customers. These business activities are managed collectively, and the Company is organized and operates as a single business unit. As such, the Company has one reportable segment. The financial results for this reportable segment are equal to consolidated results as reported in the accompanying consolidated statements of income and comprehensive income and consolidated balance sheets.

Financial results, forecasts and budget to actual variances for the Company's reportable segment are provided to and regularly reviewed by the Chief Operating Decision Maker ("CODM"), which is the Company's Chief Executive Officer. The primary measure of segment profit or loss that the CODM uses to evaluate performance and allocate resources is 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.

The significant expenses that are regularly provided to the CODM are disclosed in the consolidated statements of income as a part of Net income attributable to Strattec and were as follows (in thousands):

	Years Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Net sales	$ 579,392	$ 565,066	$ 537,766
Direct material costs	318,628	315,320	301,660
Labor and overhead costs	165,399	165,169	170,638
Selling costs	10,843	10,691	9,267
Administrative costs	31,294	23,888	15,487
Engineering costs	26,705	27,214	22,900
Interest income	(3,500)	(2,039)	(572)
Interest expense	359	1,007	900
Other income, net	(3,298)	(820)	(2,717)
Income tax expense	11,339	5,717	3,775
Net income	21,623	18,919	16,428
Net income attributable to non-controlling interest	1,025	234	115
Net income attributable to Strattec	$ 20,598	$ 18,685	$ 16,313

Sales and net tangible long-lived assets (property, plant and equipment, net and right-of-use assets) are presented by country; sales are attributed based on the location to which products were shipped (in thousands):

	Net Sales Years Ended			Tangible Long-Lived Assets As of	
	June 28, 2026	June 29, 2025	June 30, 2024	June 28, 2026	June 29, 2025
United States	$ 387,046	$ 381,405	$ 382,386	$ 24,142	$ 26,186
Foreign:					
Mexico	$ 58,967	$ 52,845	$ 42,979	$ 47,443	$ 53,633
Canada	69,443	59,717	57,061	43	20
Korea	50,610	56,855	44,735	-	9
Other	13,326	14,244	10,605	388	504
	$ 579,392	$ 565,066	$ 537,766	$ 72,016	$ 80,352

Sales by product group were as follows (in thousands and percent of total net sales):

	Years Ended					
	June 28, 2026		June 29, 2025		June 30, 2024	
	Net Sales	%	Net Sales	%	Net Sales	%
Door handles & exterior trim	$ 147,317	25%	$ 140,554	25%	$ 135,355	25%
Power access solutions	141,077	24%	138,402	24%	126,680	24%
Keys & locksets	118,659	21%	99,788	18%	106,374	20%
Latches	71,684	12%	75,359	13%	67,844	13%
User interface controls	49,675	9%	53,405	9%	47,637	9%
Aftermarket and service	40,121	7%	46,703	8%	42,732	8%
Other	10,859	2%	10,855	2%	11,144	2%
	$ 579,392	100%	$ 565,066	100%	$ 537,766	100%

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):

	Years Ended					
	June 28, 2026		June 29, 2025		June 30, 2024	
	Net Sales	%	Net Sales	%	Net Sales	%
General Motors Company	$ 158,712	27%	$ 165,701	29%	$ 163,097	30%
Ford Motor Company	120,555	21%	129,193	23%	114,937	21%
Stellantis	94,226	16%	65,821	12%	77,665	14%
	$ 373,493	64%	$ 360,715	64%	$ 355,699	66%

	Years Ended			
	June 28, 2026		June 29, 2025	
	Receivables	%	Receivables	%
General Motors Company	$ 24,144	24%	$ 26,581	26%
Ford Motor Company	18,355	19%	19,916	20%
Stellantis	17,087	17%	14,812	15%
	$ 59,586	60%	$ 61,309	60%

NOTE 15. COMMITMENTS AND CONTINGENCIES

From time to time the Company is subject to various legal actions and claims incidental to our business, including those arising out of alleged defects, alleged breaches of contracts, product warranties, intellectual property matters and employment related matters. The Company believes that the outcome of such matters will not have a material adverse impact on the consolidated financial position, results of operations or cash flows.

The Company maintains an environmental reserve reflecting the estimated costs of remediation of a solvent spill which occurred at the Milwaukee facility in 1985. Based on findings to date and known environmental regulations, the Company believes that the $1.4 million environmental reserve included in Other current liabilities in the accompanying consolidated balance sheets as of June 28, 2026 is adequate.

We do not currently anticipate any materially adverse impact on our financial statements or competitive position as a result of compliance with federal, state, local and foreign environmental laws or other legal requirements. However, risk of further environmental liability and charges associated with maintaining compliance with environmental laws is inherent in the nature of our business and there is no assurance that material liabilities or charges could not arise.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. 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.

Management's Annual Report on Internal Controls over Financial Reporting

Our management is responsible for the preparation, integrity, and fair presentation of the consolidated financial statements included in this annual report. The consolidated financial statements and notes included in this annual report have been prepared in conformity with accounting principles generally accepted in the United States of America and necessarily include some amounts that are based on management's best estimates and judgments.

We, as management of Strattec Security Corporation, are responsible for establishing and maintaining effective internal control over financial reporting that is designed to produce reliable financial statements in conformity with United States generally accepted accounting principles. The system of internal control over financial reporting as it relates to the financial statements is evaluated for effectiveness by management and tested for reliability through a program of internal audits. Actions are taken to correct potential deficiencies as they are identified. Any system of internal control, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation.

The Audit Committee of the Company's Board of Directors, consisting entirely of independent directors, meets regularly with management and the independent registered public accounting firm, and reviews audit plans and results, as well as management's actions taken in discharging responsibilities for accounting, financial reporting, and internal control. Deloitte & Touche LLP, independent registered public accounting firm, has direct and confidential access to the Audit Committee at all times to discuss the results of their audits.

Management assessed the Company's system of internal control over financial reporting as of June 28, 2026, in relation to criteria for effective internal control over financial reporting as described in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment, management concluded that, as of June 28, 2026, its system of internal control over financial reporting was effective and met the criteria of the *Internal Control – Integrated Framework (2013)*. Deloitte & Touche LLP, independent registered public accounting firm, has issued an attestation report on the Company's internal control over financial reporting, which is included herein.

/s/ Jennifer L. Slater	/s/ Matthew P. Pauli
Jennifer L. Slater	Matthew P. Pauli
President and Chief Executive Officer	Senior Vice President and Chief Financial Officer

ITEM 9B. OTHER INFORMATION

During the quarter ended June 28, 2026, no director or officer of the Company adopted, modified, or terminated any Rule 10b5-1 trading arrangement or any non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item will be in our Proxy Statement under the headings "Proposal 1: Election of Directors," "Corporate Governance Matters-Code of Ethics," "Corporate Governance Matters-Director Independence; Audit Committee Financial Expert," "Section 16(a) Reports," "Corporate Governance Matters-Nominating and Governance Committee," and "Corporate Governance Matters-Director Nomination and Selection Process" and is incorporated herein by reference.

The Audit Committee of our Board of Directors is an "audit committee" for purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee consist of five outside independent directors, Matteo Anversa, Audit Committee Chairman, Frederic Jack Liebau, Jr., Bruce Lisman, Thomas W. Florsheim, Jr., and Tina Chang.

Code of Business Ethics

We have adopted a code of ethics applicable to our principal executive officer and our other senior financial officers. The code of ethics, which we refer to as our Code of Business Ethics, is available on the Investor Relations page of our website. To the extent required by SEC rules, we intend to disclose any amendments to this code and any waiver of a provision of the code for the benefit of any senior financial officers on our website within any period that may be required under SEC rules from time to time.

Insider Trading Policy

We are committed to fostering a culture of compliance, ethics, and regulatory excellence. In furtherance of that commitment, the Company adopted an Insider Trading Policy applicable to all directors, officers, and employees, as well as the Company itself, which governs the purchase, sale, and other disposition of the securities of the Company and other organizations, including our business partners. We believe the Insider Trading Policy is reasonably designed to promote compliance with insider trading laws, rules, and regulations, and the listing standards applicable to us. A copy of the Insider Trading Policy is filed as Exhibit 19 to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be included in our Proxy Statement under the headings "Director Compensation" and "Compensation Discussion and Analysis" and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this Item will be included in our Proxy Statement under the headings "Security Ownership" and "Equity Compensation Plan Information" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included in our Proxy Statement under the headings "Transactions With Related Persons" and "Corporate Governance Matters" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be included in our Proxy Statement under the headings "Audit Committee Matters-Fees of Independent Registered Public Accounting Firm" and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report:

1 Financial Statements:

Report of Deloitte & Touche LLP Independent Registered Public Accounting Firm (PCAOB ID: 34)

Consolidated Statements of Income for the years ended June 28, 2026, June 29, 2025 and June 30, 2024

Consolidated Statements of Comprehensive Income for the years ended June 28, 2026, June 29, 2025 and June 30, 2024

Consolidated Balance Sheets as of June 28, 2026 and June 29, 2025

Consolidated Statements of Shareholders' Equity for the years ended June 28, 2026, June 29, 2025 and June 30, 2024

Consolidated Statements of Cash Flows for the years ended June 28, 2026, June 29, 2025 and June 30, 2024

Notes to Consolidated Financial Statements

2 Financial Statement Schedules:

Schedule II - Valuation and Qualifying Accounts

3 Exhibits:

See the following List of Exhibits:

Exhibit		If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
3.1	Amended and Restated Articles of Incorporation of the Company, as amended through October 23, 2024	Filed herewith
3.2	Amended By-laws of the Company	Current Report on Form 8-K (filed on October 23, 2024; Exhibit 3.2 therein)
4.1	Description of Registrants' Securities	Filed herewith
10.1	Amended & Restated Credit Agreement, dated October 27, 2025, between the Company and BMO Bank N.A.	Current Report on Form 8-K (filed on October 30, 2025 (Exhibit 10.1 therein)
10.2**	Employment Agreement between the Company and Richard P. Messina, dated May 5, 2010	Quarterly Report on Form 10-Q (filed on May 6, 2010; Exhibit 10.16 therein)
10.3**	Change of Control Employment Agreement between the Company and Richard P. Messina, dated July 1, 2016	Annual Report on Form 10-K (filed on September 8, 2016; Exhibit 10.11 therein)
10.4**	Retention Agreement by and between the Company and Richard P. Messina, dated November 22, 2023	Current Report on Form 8-K (filed on November 28, 2023; Exhibit 10.2 therein)
10.5**	Employment Agreement between the Company and Jennifer L. Slater, dated June 11, 2024	Current Report on Form 8-K (filed on June 14, 2024; Exhibit 10.1 therein)
10.6**	First Amendment to Employment Agreement between the Company and Jennifer L. Slater	Quarterly Report on Form 10-Q (filed on November 7, 2024; Exhibit 10.3 therein)
10.7**	Employment Agreement between the Company and Chey Becker-Varto, effective November 4, 2024	Filed herewith
10.8**	Employment Agreement between the Company and Matthew P. Pauli, effective November 13, 2024	Current Report on Form 8-K (filed on November 12, 2024; Exhibit 10.1 therein)

10.9**	Amended and Restated Strattec Security Corporation Stock Incentive Plan	Proxy Statement on Scheduled 14A (filed on September 7, 2023; Appendix B therein)
10.10**	Strattec Security Corporation 2024 Equity Incentive Plan	Current Report on Form 8-K (filed on October 23, 2024; Exhibit 10.1 therein)
10.11**	Form of Fiscal Year 2024 Restricted Stock Grant Agreement with non-employee directors	Annual Report on Form 10-K (filed on September 5, 2014; Exhibit 10.8 therein)
10.12**	Form of Fiscal Year 2025 Restricted Stock Grant Agreement for non-employee directors	Quarterly Report on Form 10-Q (filed on February 7, 2025; Exhibit 10.10 therein)
10.13**	Form of Stock Grant Agreement for non-employee directors	Quarterly Report on Form 10-Q (filed on February 7, 2025; Exhibit 10.11 therein)
10.14**	Form of Restricted Stock Grant Agreement for Named Executive Officers	Quarterly Report on Form 10-Q (filed on October 31, 2025; Exhibit 10.2 therein)
10.15**	Non-Employee Director Compensation Program for Fiscal Year 2026	Quarterly Report on Form 10-Q (filed on October 31, 2025; Exhibit 10.1 therein)
10.16**	Form of Fiscal Year 2026 Performance Restricted Stock Unit Award Agreement for Named Executive Officers	Quarterly Report on Form 10-Q (filed on October 31, 2025; Exhibit 10.3 therein)
10.17**	Restricted Stock Award Agreement under the Strattec Security Corporation 2024 Equity Incentive Plan Between the Company and Jennifer L. Slater, dated October 25, 2024	Current Report on Form 8-K (filed on October 31, 2024; Exhibit 10.1 therein)
10.18**	Restricted Stock Award Agreement under the Strattec Security Corporation 2024 Equity Incentive Plan between the Company and Jennifer L. Slater, dated October 25, 2024	Current Report on Form 8-K (filed on October 31, 2024; Exhibit 10.2 therein)
10.19**	Restricted Stock Award Agreement under the Strattec Security Corporation 2024 Equity Incentive Plan between the Company and Jennifer L. Slater, dated October 25, 2024	Current Report on Form 8-K (filed on October 31, 2024; Exhibit 10.3 therein)
10.20**	Performance Restricted Stock Unit Award Agreement under the Strattec Security Corporation 2024 Equity Incentive Plan, between the Company and Jennifer L. Slater, dated October 25, 2024	Current Report on Form 8-K (filed on October 31, 2024; Exhibit 10.4 therein)
10.21**	Restricted Stock Unit Award Agreement under the Strattec Security Corporation 2024 Equity Incentive Plan between the Company and Matthew P. Pauli, dated November 13, 2024	Quarterly Report on Form 10-Q (filed on February 7, 2025; Exhibit 10.9 therein)
10.22**	Strattec Security Corporation Employee Stock Purchase Plan	Quarterly Report on Form 10-Q (filed on February 8, 2024; Exhibit 10.1 therein)
10.23	Equity Restructuring Agreement between the Company and WITTE Automotive GmbH, dated June 29, 2023	Annual Report on Form 10-K (filed on September 7, 2023; Exhibit 10.22 therein)
10.24**	Amended and Restated Strattec Security Corporation Supplemental Executive Retirement Plan	Current Report on Form 8-K (filed on October 10, 2013; Exhibit 99.1 therein)
10.25**	Strattec Security Corporation Short-Term Incentive Plan for Executive Officers and Corporate Officers	Annual Report on Form 10-K (filed on August 25, 2025; Exhibit 10.25 therein)
19	Insider Trading Policy	Filed herewith
21	Subsidiaries of the Company	Filed herewith

23.1	Consent of Independent Registered Public Accounting Firm dated August 28, 2026	Filed herewith
31.1	Rule 13a-14(a) Certification for Jennifer L. Slater, Chief Executive Officer	Filed herewith
31.2	Rule 13a-14(a) Certification for Matthew P. Pauli, Chief Financial Officer	Filed herewith
32	18 U.S.C. Section 1350 Certifications	Furnished herewith
97	Excess Incentive Compensation Recovery (Clawback) Policy	Annual report on Form 10-K (filed on August 25, 2025; Exhibit 97 therein)
101	Inline XBRL documents (the Inline XBRL instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	

** Management contract or compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 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

By: /s/ Jennifer L. Slater
Jennifer L. Slater
President and Chief Executive Officer

Date: August 28, 2026

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jennifer L. Slater Jennifer L. Slater	President, Chief Executive Officer, and Director (Principal Executive Officer)	August 28, 2026
/s/ Frederic Jack Liebau, Jr. Frederic Jack Liebau, Jr.	Chairman and Director	August 19, 2026
/s/ Matteo Anversa Matteo Anversa	Director	August 19, 2026
/s/ Tina Chang Tina Chang	Director	August 19, 2026
/s/ Thomas W. Florsheim, Jr. Thomas W. Florsheim, Jr.	Director	August 19, 2026
/s/ Bruce Lisman Bruce Lisman	Director	August 19, 2026
/s/ Matthew P. Pauli Matthew P. Pauli	Senior Vice President, Chief Financial Officer, and Treasurer (Principal Financial and Accounting Officer)	August 28, 2026

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Other Activity	Deductions from Reserves	Balance at End of Period
Valuation Allowance for Deferred Tax Assets:					
Year ended June 28, 2026	$ 3,865	$ 824	$ (244)	$ -	$ 4,445
Year ended June 29, 2025	2,569	1,296	-	-	3,865
Year ended June 30, 2024	1,601	968	-	-	2,569

Exhibit 3.1

Explanatory Note: This exhibit is being filed pursuant to Item 601(b)(3)(i) of Regulation S-K which requires a conformed version of our charter reflecting all amendments in one document. Therefore, the document below reflects the Amended and Restated Articles of Incorporation of Strattec Security Corporation as filed with the Wisconsin Department of Financial Institutions on February 22, 1995 (i) revised for the first amendment filed with the Wisconsin Department of Financial Institutions on October 10, 2019, (ii) further revised for the second amendment filed with the Wisconsin Department of Financial Institutions on October 22, 2021, and (iii) further revised for the third amendment filed with the Wisconsin Department of Financial Institutions on October 23, 2024. The signature page hereto has been omitted for clarity.

CONFORMED VERSION OF
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
STRATTEC SECURITY CORPORATION
AS AMENDED

ARTICLE I

Name

The name of the Corporation is STRATTEC SECURITY CORPORATION.

ARTICLE II

Purposes

The purposes for which the Corporation is organized are to engage in any lawful activity within the purposes for which a corporation may be organized under the Wisconsin Business Corporation Law (“WBCL”).

ARTICLE III

Capital Stock

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

ARTICLE IV

Preemptive Rights

No holder of any stock of the Corporation shall have any preemptive right to purchase, subscribe for, or otherwise acquire any shares of stock of the Corporation of any class now or hereafter authorized, or any securities exchangeable for or convertible into such shares.

ARTICLE V

Board of Directors

(1) The authorized number of directors of the corporation which shall constitute the entire Board of Directors shall be such as from time to time shall be determined by a majority of the then authorized number of directors.

At each annual meeting of shareholders, directors shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the year following the year of their election.

No decrease in the number of directors constituting the Board of Directors shall shorten the term of an incumbent director.

(2) Any director may be removed from office by the shareholders, but only for cause and only by the affirmative vote of a majority of the votes then entitled to be cast in an election of directors.

(3) Any vacancy occurring on the Board of Directors, including, but not limited to, a vacancy created by an increase in the number of directors or the removal of a director, shall be filled only by the affirmative vote of a majority of the directors then in office, even if such majority is less than a quorum of the Board of Directors, or by a sole remaining director. If no director remains in office, any vacancy may be filled by the shareholders. Any director elected to fill a vacancy shall serve until the next election of directors.

(4) Each director shall be elected by a majority of the votes cast by the shares entitled to vote in the election of directors at a meeting at which a quorum is present except in a contested election of directors, in which case such directors will be elected by a plurality of the votes cast by the shares entitled to vote at a meeting.

ARTICLE VI

Shareholder Consent Actions

Action required or permitted by the WBCL to be taken at a shareholders meeting may be taken without a meeting by shareholders who would be entitled to vote at a meeting shares with voting power sufficient to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote were present and voted.

The action must be evidenced by one or more written consents describing the action taken, signed by the shareholders consenting thereto and delivered to the Corporation for inclusion in its corporate records.

Such a consent has the effect of a meeting vote and may be described as such in any document. Such action shall be effective when consents representing the required number of shares are delivered to the Corporation, unless the consent specifies a different effective date.

ARTICLE VII

Registered Office and Agent

The address of the initial registered office of the Corporation is 1000 North Water Street, Suite 2100, Milwaukee, Milwaukee County, Wisconsin 53202 and the name of its initial registered agent at such address is Subsidiary Service, Inc.

ARTICLE VIII

Incorporator

The name and address of the incorporator is James M. Bedore, Esq., 1000 North Water Street, Suite 2100, Milwaukee, Wisconsin, 53202.

Exhibit 4.1

DESCRIPTION OF SECURITIES

References to "Strattec" and the "Company" herein are, unless the context otherwise indicates, only to Strattec Security Corporation and not to any of its subsidiaries.

Our Common Stock, par value $0.01 per share, is the only class of securities of the Company registered under Section 12 of the Securities Exchange Act of 1934.

Description of Capital Stock

General

The following is a summary of information concerning capital stock of Strattec. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the Company's Amended and Restated Articles of Incorporation, as amended, and our By-Laws, as amended and restated, and are entirely qualified by these documents. For additional information, you should look at our Amended and Restated Articles of Incorporation, as amended, and our By-Laws, as amended and restated, copies of which are on file with the SEC as exhibits to our periodic reports and are incorporated by reference.

Common Stock

Shares Outstanding. The Company is authorized to issue up to 18 million shares of common stock, par value $0.01 per share (the "**Common Stock**").

Dividends. Subject to any limitations under Wisconsin law, holders of shares of Common Stock are entitled to receive dividends when, as and if declared by the Company's Board of Directors (the "**Board**") out of funds legally available for that purpose.

Voting Rights. Each share of Common Stock is entitled to one vote on all matters submitted to a vote of stockholders. Holders of shares of Common Stock do not have cumulative voting rights. At a meeting of stockholders at which a quorum is present, for all matters other than the election of directors, a matter is approved if the votes cast favoring the matter exceed the votes cast opposing the matter unless the matter is one upon which a different vote is required by our Amended and Restated Articles of Incorporation, as amended, our By-Laws, as amended and restated, or the Wisconsin Business Corporation Law. The Company has adopted a majority voting standard in uncontested elections of directors. Accordingly, a majority of the votes cast in favor of the election of each nominee director is required for the election of that director. Under the Wisconsin Business Corporation Law, the affirmative vote of stockholders holding at least a majority of the shares entitled to vote is generally required to approve (i) a merger to which we are a party, (ii) the sale, lease, exchange or other disposition of all or substantially all of our assets, (iii) an amendment to our Amended and Restated Articles of Incorporation, as amended, which requires a stockholder vote, and (iv) our dissolution.

Other Rights. In the event of any liquidation, dissolution or winding up of the Company, holders of shares of Common Stock are entitled to ratable distribution of the remaining assets available for distribution to stockholders after the payment of all of our debts and other liabilities. The shares of Common Stock are not subject to redemption by operation of a sinking fund or otherwise. Holders of shares of Common Stock are not currently entitled to pre-emptive rights and have no conversion or subscription rights.

Listing. The Common Stock is traded on The Nasdaq Stock Market LLC under the trading symbol "STRT."

Miscellaneous. All outstanding shares of our common stock are fully paid and not liable to further calls or assessments by us.

Wisconsin Anti-Takeover Provisions.

Under Section 180.1150 of the Wisconsin Business Corporation Law, unless the board of directors otherwise specifies, the voting power of shares of a "resident domestic corporation," such as us, which are held by any person holding in excess of 20% of the voting power of our stock will be limited to 10% of the full voting power of the shares. This statutory voting restriction does not apply to shares acquired directly from us, acquired in a transaction incident to which our stockholders vote to restore the full voting power of the shares and under other circumstances more fully described in Section 180.1150 of the Wisconsin Business Corporation Law.

Sections 180.1141 through 180.1144 of the Wisconsin Business Corporation Law provide that a "resident domestic corporation," such as us, may not engage in a "business combination" with a person beneficially owning 10% or more of the voting power of our outstanding stock (an "interested stockholder") for three years after the date the interested stockholder acquired its 10% or greater interest, unless the business combination or the acquisition of the 10% or greater interest was approved before the stock acquisition date by our Board of Directors. After the three-year period, a business combination that was not so approved can be completed only if it is approved by a majority of the outstanding voting shares not held by the interested stockholder or is made at a specified price intended to provide a fair price for the shares held by noninterested stockholders.

Sections 180.1130 through 180.1132 of the Wisconsin Business Corporation Law provide that a "resident domestic corporation," such as us, may not engage in a "business combination" with a person beneficially owning 10% or more of the voting power of our outstanding stock (a "significant stockholder") unless the business combination either satisfies certain fair price criteria or the business combination is approved by at least 80% of the voting power of our stock and at least two-thirds of the voting power of our stock not beneficially owned by the significant stockholder.

Requirements for Advance Notification of Stockholder Nominations and Proposals.

Our By-Laws, as amended and restated, establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made as of the 4th day of November, 2024, by and between STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the "Company"), and Chey Becker - Varto (the "Employee").

RECITAL

The Company desires to employ the Employee and the Employee is willing to make the Employee's services available to the Company on the terms and conditions set forth below.

AGREEMENTS

In consideration of the premises and the mutual agreements which follow, the parties agree as follows:

1. Employment. The Company hereby employs the Employee and the Employee hereby accepts employment with the Company on the terms and conditions set forth in this Agreement.

2. Term. The Employee shall be employed by the Company for a period beginning on November 11, 2024 (the "Effective Date") and ending on November 10, 2025, subject to the terms and conditions set forth in this Agreement; provided, however, that beginning on November 11, 2025 and on each anniversary thereafter, the term of employment under this Agreement shall automatically renew and be extended for an additional one-year period, unless either the Company or the Employee gives written notice of nonrenewal to the other party not less than 60 days prior to the end of the then-current term. The initial term, plus any extension thereof, shall hereinafter be referred to as the "Employment Period."

3. Position and Duties.

(a) During the Employment Period, the Employee shall serve as the Senior Vice President, Chief Commercial Officer of the Company. In such capacity, the Employee shall have the powers, duties, responsibilities, and authority customarily held by a person holding such position or its equivalent of an organization of a similar size and nature as the Company, as well as such other powers, duties, responsibilities, and authority as may be determined from time to time by the Company's President and Chief Executive Officer (the "President and CEO"). The Employee shall also perform such other duties and hold such other positions related to the business of the Company and its Affiliates (as defined below) as may from time to time be reasonably requested by the President and CEO. The Employee shall report directly to the President and CEO. For purposes of this Agreement, an "Affiliate" means any corporation, general or limited partnership, limited liability company, joint venture, trust, association or organization which is, directly or indirectly, controlled by, or under common control with, the Company.

(b) The Employee agrees to devote the Employee's entire business time, effort, skill and attention to the proper discharge of the Employee's duties hereunder and in furtherance of the business and interests of the Company and its Affiliates. However, the Employee will not be precluded from (i) managing the Employee's passive personal investments, or (ii) subject to the prior written consent of the Company, participation in community, civic, charitable or other similar activities which do not unreasonably interfere with the Employee's responsibilities hereunder or create a business or fiduciary conflict.

(c) The Employee understands and agrees that the Employee's principal place of employment will be in the Auburn Hills, Michigan area. The Employee will ensure an effective amount of physical presence in Company offices, and the Employee acknowledges and agrees that the Employee may be required to travel for business in the course of performing the Employee's duties for the Company and its Affiliates.

(d) Upon termination of the Employee's employment hereunder for any reason, the Employee shall cease to hold any position as an officer or director (or any other similar position) of the Company or any Affiliate and shall resign from all positions as an officer or director (or any other similar position) in all corporations, partnerships, limited liability companies or other entities for which the Employee is serving, at the Company's request, as an officer or director (or in such other similar position).

4. Compensation.

(a) Base Salary. During the Employment Period, the Employee shall receive a base salary at a rate of $350,000 per annum, subject to applicable taxes and withholdings, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Employee's base salary shall be subject to adjustment as may be determined from time to time in the Company's sole discretion; provided, however, that any decrease in the Employee's base salary can only be proportionately made in connection with Company-wide reductions in the salary rates for senior management of the Company ("Senior Management") as determined by the Board of Directors of the Company (the "Board") or the Compensation Committee of the Board (the "Compensation Committee"). The base salary in effect from time to time is referred to herein as the "Base Salary."

(b) Sign-On Bonus. The Employee shall receive a one-time sign-on bonus of $125,000 (the "Sign-On Bonus"), which shall be paid no later than the first regular payroll date of the Company immediately following the Effective Date and which shall be subject to repayment under the circumstances described in Section 6(e).

(c) Annual Bonus. Commencing with fiscal year 2025, during the Employment Period, the Employee will be eligible to participate in and receive an annual bonus award (the "Annual Bonus") under an annual incentive program established or maintained by the Company for its Senior Management, subject to the approval and discretion of the Compensation Committee. The initial target value of the Employee's Annual Bonus shall be 45% of the Employee's Base Salary (the "Target Annual Bonus Amount"). The Annual Bonus shall be earned and accrued as of the last day of the applicable annual performance period and paid in a lump sum no later than the 15th day of the third month following the end of the taxable year of the Company or the taxable year of the Employee, whichever is later, in which such Annual Bonus is earned. The Annual Bonus shall be subject to the terms and conditions of the annual incentive program, as may be amended from time to time.

(d) Equity-Based Compensation. Commencing with fiscal year 2026, during the Employment Period, the Employee will be eligible to participate in any equity-based compensation plans established or maintained by the Company for its Senior Management. Any grants or awards under such plans shall be subject to the approval and discretion of the Compensation Committee and subject to the terms and conditions of the Company's organizational documents, any applicable plan documents, and any individual award agreements, as such documents may be amended from time to time.

5. Benefits and Reimbursements.

(a) Benefits. During the Employment Period, the Employee shall be eligible to participate in and receive benefits under the Company's employee benefit plans, policies and programs applicable generally to other Senior Management, subject to the Employee's satisfaction of all applicable eligibility conditions of such plans, policies, and programs. Notwithstanding anything in this Agreement to the contrary, the Company may amend, modify, discontinue or terminate at any time any employee benefit plan, policy, or program described in this Section 5(a), now existing or hereafter adopted, to the extent permitted by the terms of such plan, policy, or program and will not be required to compensate the Employee for such amendment, modification, discontinuance or termination. To the extent there is any conflict between the terms of this Agreement and the applicable employee benefit plan, policy, or program document, the terms of the applicable employee benefit plan, policy, or program document shall govern.

(b) Reasonable Business Expenses. Subject to the terms and conditions of the Company's expense reimbursement policy, during the Employment Period, the Company shall pay or reimburse the Employee for reasonable expenses incurred by the Employee in connection with the performance of the Employee's duties pursuant to this Agreement, including, but not limited to, travel expenses, expenses in connection with seminars, professional conventions or similar professional functions and other reasonable business expenses.

6. Termination of Employment.

(a) Termination due to Death. The Employment Period and the Employee's employment with the Company shall automatically terminate upon the death of the Employee. In the event the Employee's employment terminates due to the Employee's death, the Employee's beneficiary (as designated by the Employee in writing with the Company prior to the Employee's death) shall be entitled to the Accrued Benefits. For purposes of this Agreement, "Accrued Benefits" means: (i) any Base Salary that is accrued but unpaid as of the date of the Employee's termination of employment; (ii) any accrued, but unpaid, Annual Bonus for any fiscal year that ended on or prior to the date of the Employee's termination of employment; (iii) any business expenses that are unreimbursed as of the date of the Employee's termination of employment; and (iv) any rights and benefits (if any) provided under the employee benefit plans, policies, and programs of the Company, determined in accordance with the applicable terms and conditions of such plans, policies, and programs. Any amounts due under clauses (i) and (iii) of this Section 6(a) shall be paid in a lump sum within 30 days following the date of the Employee's termination of employment and any amounts due under clause (ii) of this Section 6(a) shall be paid as promptly as practicable in accordance with the terms of the applicable annual incentive program. In the absence of a beneficiary designation by the Employee, or if the Employee's beneficiary does not survive the Employee, payments and benefits described in this Section 6(a) will be paid to the Employee's estate.

(b) Termination due to Disability.

(i) The Company shall be entitled to terminate the Employment Period and the Employee's employment with the Company at any time due to the Employee's Disability (as defined below). In the event the Employee's employment terminates due to the Employee's Disability, the Employee shall be entitled to payment of the Accrued Benefits as described in Section 6(a).

(ii) For purposes of this Agreement, "Disability" means a physical or mental sickness or any injury which renders the Employee incapable of performing the essential functions of the Employee's job (with or without reasonable accommodations) and which does or may be expected to continue for more than four months during any 12-month period, as determined by a physician who is selected by the agreement of the Employee and the Company. In the event of their failure to agree upon such a physician, the Company and the Employee shall each select a physician who together shall select a third physician who shall make the determination. Such determination shall be conclusive and binding upon the parties hereto. In the event the Employee shall be able to perform the essential functions of Employee's job (with or without reasonable accommodations) following a period of Disability, and does so perform such duties, or such other duties as are prescribed by the President and CEO, for a period of three continuous months, any subsequent period of Disability shall be regarded as a new period of Disability for purposes of this Agreement. Termination of the Employment Period and the Employee's employment hereunder due to the Employee's Disability shall not change the Employee's rights to receive benefits, if any, pursuant to any disability plan or policy then maintained by the Company.

(c) Termination for Cause.

(i) The Company may terminate the Employment Period and the Employee's employment with the Company for Cause (as defined below) upon notice at any time to the Employee. In the event that the Company terminates the Employee's employment for Cause, the Employee will be entitled to payment of the Accrued Benefits as described in Section 6(a); provided, however, that, subject to any applicable law, the Company shall have the right to set off any damages it incurs as a result of the Employee's actions which constitute Cause from any amounts due to the Employee. For purposes of clarity, the Employee shall not be entitled to any bonus, including any Annual Bonus, that has not been paid as of the date of the Employee's termination of employment for Cause.

(ii) For purposes of this Agreement, "Cause" means:

(A) (I) the Employee's continued failure substantially to perform in good faith the Employee's assigned duties in any material respect (other than as a result of total or partial incapacity due to physical or mental illness), or (II) a material breach or default of any term of this Agreement, in each case which continued failure, breach or default is not substantially cured in all material respects within 30 days after the Company provides the Employee with written notice thereof in sufficient detail describing such failure or material breach or default;

(B) the Employee's engagement in (I) fraud, embezzlement, theft or dishonesty in the course of the Employee's employment with the Company, or (II) other conduct that results or could reasonably be expected to result in material harm to the business or reputation of the Company or any of its Affiliates as determined in good faith by the Company;

(C) the Employee's indictment for, charge with, arrest for, conviction of, or plea of guilty or nolo contendere to, (I) a felony or (II) a crime other than a felony which involves moral turpitude or a breach of trust or fiduciary duty owed to the Company or any of its Affiliates;

(D) the Employee's disclosure of trade secrets or confidential information of the Company or any of its Affiliates that results or could reasonably be expected to result in material harm to the business or reputation of the Company or any of its Affiliates as determined in good faith by the Company; or

(E) the Employee's material violation of any policy of the Company or any of its Affiliates that applies to the Employee which violation is not substantially cured in all material respects within 30 days after the Company provides the Employee with written notice thereof in sufficient detail describing such violation.

(d) Termination by the Company Without Cause or by the Employee for Good Reason.

(i) The Company may terminate the Employment Period and the Employee's employment with the Company for any reason upon 30 days' prior written notice to the Employee. The Employee may resign and terminate the Employment Period and the Employee's employment with the Company for Good Reason (as defined below). If the Employee's employment is terminated by the Company for any reason other than the reasons set forth in Sections 6(a), (b) or (c) or the Employee resigns and terminates the Employee's employment for Good Reason, the Employee will be entitled to the following payments and benefits:

(A) payment of the Accrued Benefits as described in Section 6(a);

(B) a single lump sum payment equal to one year of the Employee's Base Salary in effect on the date of the Employee's termination of employment. Such payment shall be made on the first business day following the date that is 60 days after the date of the Employee's termination of employment; and

(C) if the Employee timely elects COBRA continuation coverage under the Company's group medical, dental and vision plans, the Company shall pay directly or reimburse the Employee for a portion of such COBRA premiums (on a monthly, after-tax basis) equal to the employer portion of the premium for active Company employees until the earlier of (I) 12 months following the date of the Employee's termination of employment or (II) the date the Employee becomes eligible for coverage under the group health plan of another employer.

(ii) For purposes of this Agreement, the following shall constitute "Good Reason," unless the Employee shall have consented otherwise in writing:

(A) a material diminution in the Employee's Base Salary or Target Annual Bonus Amount, other than a general reduction in salary rates or target annual bonuses that (I) affect all Senior Management in substantially the same proportions as approved by the Board or the Compensation Committee, and (II) is no greater than 15% of the Employee's then-current Base Salary and Target Annual Bonus in the aggregate;

(B) any material breach by the Company or any of its Affiliates of this Agreement;

(C) a material diminution in the Employee's authority, duties or responsibilities as set forth in Section 3 of this Agreement, provided that it is understood that a change in title alone shall not constitute a material diminution in authority, duties, or responsibilities; or

(D) a change in the Employee's principal office to a location that is more than 50 miles from the Employee's principal office on the Effective Date.

Notwithstanding the foregoing, Good Reason shall not be deemed to exist unless (x) the Employee gives the Company written notice within 90 days after the Employee first has knowledge of the occurrence of the event which the Employee believes constitutes the basis for Good Reason, specifying the particular act or failure to act which the Employee believes constitutes the basis for Good Reason, (y) the Company fails to cure such act or failure to act within 60 days after receipt of such notice, and (z) the Employee terminates the Employee's employment within 60 days after the end of the period specified in clause (y).

(e) Termination by the Employee without Good Reason. The Employee may resign and terminate the Employment Period and the Employee's employment with the Company without Good Reason upon providing the Company at least 30 days' prior written notice. In such event, the Employee shall be entitled to the Accrued Benefits as described in Section 6(a). For purposes of clarity, the Employee shall not be entitled to any bonus, including any Annual Bonus, that has not been paid as of the date of the Employee's termination of employment. If Employee's employment so terminates prior to the first anniversary of the Effective Date, Employee shall repay all of the Sign-on Bonus to the Company; if Employee's employment so terminates prior to the second anniversary of the Effective Date, Employee shall repay one-half of the Sign-on Bonus to the Company.

(f) Change of Control.

(i) In the event that, during the Employment Period, a Change of Control of the Company occurs and, within three months prior to or within 24 months following such Change of Control, the Employment Period and the Employee's employment with the Company is terminated without Cause or is terminated by the Employee for Good Reason, in each case as described in Section 6(d) of this Agreement, then, in lieu of any payment or benefit that might be provided under Section 6(d), the Employee will be entitled to the following payments and benefits:

(A) payment of the Accrued Benefits as described in Section 6(a);

(B) a single lump sum payment equal to one and one-half times the sum of (I) the Employee's Base Salary in effect on the date of the Employee's termination of employment, plus (II) an amount equal to the average of the Annual Bonuses paid to the Employee for the two completed fiscal years immediately preceding the date of the Employee's termination of employment or, if less than two completed fiscal years have occurred during the Employment Period, the current target Annual Bonus amount. Such payment shall be made on the first business day following the date that is 60 days after the date of the Employee's termination of employment;

(C) if the Employee timely elects COBRA continuation coverage under the Company's group medical, dental and vision plans, the Company shall pay directly or reimburse the Employee for a portion of such COBRA premiums (on a monthly, after-tax basis) equal to the employer portion of the premium for active Company employees for a period of 18 months immediately following the date of the Employee's termination of employment; and

(D) reimbursement of up to $10,000 for reasonable executive outplacement service expenses incurred by the Employee within one year following the date of the Employee's termination of employment, provided that such services are provided by a nationally recognized executive outplacement firm and are at a level appropriate for the most senior officers.

(ii) For purposes of this Agreement, a "Change of Control" means the occurrence of any of the following events:

(A) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (I) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (II) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (I), (II) and (III) of subsection (C) of this Section 6(f)(ii); or

(B) individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(C) the consummation by the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, unless, following such Business Combination, (I) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (II) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (III) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(D) the consummation of (I) a complete liquidation or dissolution of the Company or (II) the sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which following such sale or other disposition, (a) more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (b) less than 20% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by any Person (excluding any employee benefit plan (or related trust) of the Company or such corporation), except to the extent that such Person owned 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities prior to the sale or disposition, and (c) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such sale or other disposition of assets of the Company or were elected, appointed or nominated by the Board.

All references in this Section 6(f)(ii) to common stock shall include, to the extent applicable, references to equity interests, and all references in this Section 6(f)(ii) to directors or board of directors shall include, to the extent applicable, references to any other applicable management body of a person.

(g) Non-Renewal of the Employment Period. The Employee's employment shall terminate automatically upon expiration of the Employment Period if either party gives written notice of non-renewal as set forth in Section 2. For purposes of clarity, (i) a notice of non-renewal by the Company shall be considered a termination by the Company without Cause under Section 6(d), and (ii)] a notice of non-renewal by the Employee shall be considered a termination by the Employee without Good Reason under Section 6(e).

(h) Release. All payments and benefits, other than the Accrued Benefits, that may be payable or provided to the Employee under this Section 6 (the "Conditioned Benefits") are subject to (i) the Employee's (or, to the extent applicable, the Employee's estate's) execution and non-revocation of a release of claims, in a form to be provided by the Company (the "Release"), and (ii) the expiration of any revocation period contained in the Release, in each case, within 60 days following the date of the Employee's termination of employment. To the extent that any of the Conditioned Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), any payment or provision of such Conditioned Benefits otherwise scheduled to occur prior to the 60th day following the date of the Employee's termination of employment, but for the condition on executing the Release set forth herein, shall not be made until the first regularly scheduled payroll date following such 60th day (regardless of when the Release is delivered), after which any remaining Conditioned Benefits shall thereafter be provided to the Employee according to the applicable schedule set forth herein.

(i) Effect of Termination. The termination of the Employee's employment pursuant to Sections 6(b), (c), (d), (e) or (f) shall not affect the Employee's obligations as described in Sections 7, 8, 9 and 10. The rights and duties of the parties under Sections 6 through 25 of this Agreement shall survive the termination of this Agreement.

7. Noncompetition. The parties agree that the Company's customer contacts, customer relations, and goodwill are established and maintained at great expense, and that by virtue of the Employee's employment with the Company, the Employee will have unique and extensive exposure to and personal contact with the Company's customers, and that the Employee will be able to establish a unique relationship with the Company's customers that will enable the Employee, both during and after employment, to unfairly compete with the Company. Further, the parties agree that the terms and conditions of the following restrictive covenants are reasonable and necessary for the protection of the Company's legitimate business interests, trade secrets, and Confidential Information (as defined below) and to prevent great damage or loss to the Company as a result of action taken by the Employee. The Employee acknowledges that the noncompete restrictions and nondisclosure of Confidential Information restrictions contained in this Agreement are reasonable and that the consideration provided in this Agreement is sufficient to fully and adequately compensate the Employee for agreeing to such restrictions. The Employee acknowledges that the Employee could continue to actively pursue the Employee's career and earn sufficient compensation in the same or similar business without breaching any of the restrictions contained in this Agreement. For purposes of this Section 7, the Company shall include any Affiliates.

(a) During Term of Employment. The Employee hereby covenants and agrees that, during the Employee's employment with the Company, the Employee shall not, directly or indirectly, either individually or as an employee, principal, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor, consultant, or in any other capacity, participate in, become associated with, provide assistance to, engage in, or have a financial or other interest in any business, activity, or enterprise which is competitive with or a supplier to the Company or any successor or assign of the Company. The ownership of less than a one percent interest in a corporation whose shares are traded in a recognized stock exchange or traded in the over-the-counter market, even though that corporation may be a competitor of the Company, shall not be deemed financial participation in a competitor.

(b) Upon Termination of Employment. The Employee agrees that during a period after termination of the Employee's employment with the Company equal to the shorter of one year or the duration of the Employee's employment with the Company, the Employee will not, directly or indirectly, either individually or as an employee, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor, consultant or in any other capacity:

(i) Canvass or solicit from any person or entity who is a Customer (as defined below) of the Company any business in competition with the business of the Company or the successors or assigns of the Company, including the canvassing or soliciting of Competitive Business (as defined below) from any individual or entity which is or was a Customer of the Company. For purposes of this Agreement: (A) "Customer" means any customer of the Company or any of its Affiliates with whom the Employee has had contact in connection with the performance of the Employee's services under this Agreement in the five year period preceding the effective date of the Employee's termination of employment for any reason and who has purchased the products or services offered by the Company or its Affiliates during the 24-month period preceding the effective date of the Employee's termination of employment for any reason; and (B) "Competitive Business" means a business which is involved in designing, developing, manufacturing, or marketing mechanical, electro-mechanical, and/or electronic security and access control products in the global motor vehicle industry.

(ii) Request or advise any of the Customers or suppliers of the Company with whom the Employee had contact in connection with the performance of the Employee's services in the five year period preceding the effective date of the Employee's termination for any reason and who currently have or have had business relationships with the Company within the 24-month period preceding the date of the Employee's termination of employment for any reason, to withdraw, curtail, or cancel any of their business or relations with the Company.

(iii) Induce or attempt to induce any executive or management level employee or other employee with a specialized position that could be used to unfairly compete against the Company as may be identified in writing to the Employee by the Company from time to time, to terminate his or her relationship or breach his or her agreements with the Company in order to provide competing services to a Competitive Business; provided, however, that publication of general solicitations not targeted (A) to an individual employee, sales representative, consultant or other personnel of the Company, or (B) primarily to employees, sales representatives, consultants or other personnel of the Company (and any hiring pursuant to such general solicitations) shall not constitute inducement for purposes of, or otherwise violate, this Section 7(b)(iii).

8. Confidential Information. For purposes of this Agreement, "Confidential Information" means proprietary non-public information that is possessed by or developed for the Company and that relates to the Company's business or technology, including but not limited to inventions and other intellectual property (to the extent not a trade secret as described in Section 9), computer program object and source codes, business plans and strategies, existing or proposed bids, technical developments, existing or proposed research projects, financial or business projections, investments, marketing plans and strategies, pricing and cost information, negotiations strategies, sales strategies, training information and materials, employee compensation and other confidential personnel information, customer or potential customer lists, customer purchasing history, and information generated for customer engagements. Confidential Information also includes information received by the Company from others which the Company has an obligation to treat as confidential, including information obtained in connection with customer engagements. Confidential Information shall not include information that is or becomes available to the public through no wrongful act or omission of the Employee. The parties agree that the Company's Confidential Information was established at great expense and protected as confidential information and provides the Company

with a substantial competitive advantage in conducting its business. The parties further agree that by virtue of the Employee's employment with the Company, the Employee will have access to, and be entrusted with, Confidential Information and that the Company would suffer great loss and injury if the Employee would disclose this information or use it to compete with the Company. Therefore, the Employee agrees that, during the term of the Employee's employment, and until the first to occur of (a) such time as the Confidential Information becomes generally available to the public through no fault of the Employee, (b) such time as the Confidential Information no longer provides a benefit to the Company, or (c) the second anniversary of the date of the Employee's termination of employment with the Company, the Employee will not, directly or indirectly, in any capacity, use or disclose, or cause to be used or disclosed, any Confidential Information in any geographic area in which such use or disclosure could harm the Company's business interests. This provision does not prohibit the Employee's use of general skills acquired prior to or during employment by the Company, as long as such use does not involve the use or disclosure of Confidential Information or trade secrets. The restrictions contained in this Section 8 apply to Confidential Information regardless of the fact that the Employee may have participated in the discovery and the development of that information. The Employee also agrees and acknowledges that the Employee will comply with all applicable laws regarding insider trading or the use of material nonpublic information in connection with the trading of securities. For purposes of this Section 8, the Company shall include any Affiliates.

9. Common Law of Torts and Trade Secrets. The parties agree that nothing in this Agreement shall be construed to limit or negate the common law of torts or trade secrets where it provides the Company with broader protection than that provided herein. During the Employee's employment with the Company, the Employee shall do what is reasonably necessary to prevent misappropriation or unauthorized disclosure of the Company's trade secrets. After termination of the Employee's employment, the Employee shall not use or disclose the Company's trade secrets for as long as they remain trade secrets.

10. Non-Disparagement. The Employee agrees that, during the Employee's employment with the Company and following the Employee's termination of employment, the Employee shall not make, publish, or communicate any public statements which disparage or defame the Company or any Affiliate or any of their respective directors, officers, or employees. Nothing in the foregoing is intended to prohibit the Employee from making truthful statements or providing information when required by law, regulation, or order of a court, governmental body, or regulatory body having appropriate jurisdiction, provided that such compliance does not exceed that required by the law, regulation, or order.

11. Specific Performance and Injunctive Relief. The Employee acknowledges and agrees that irreparable injury to the Company may result in the event the Employee breaches any covenant and agreement contained in Sections 7, 8, 9, and 10 and that the remedy at law for the breach of any such covenant will be inadequate. Therefore, if the Employee engages in any act in violation of the provisions of Section 7, 8, 9, or 10, the Employee agrees that the Company shall be entitled, in addition to specific performance and such other remedies and damages as may be available to it by law or under this Agreement, to injunctive relief to enforce the provisions of Sections 7, 8, 9, and 10.

12. Defend Trade Secrets Act Notice. The Employee is hereby advised that, pursuant to the federal Defend Trade Secrets Act, an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law, or (b) is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal. Further, an individual who files a lawsuit alleging retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding if the individual (1) files any document containing the trade secret under seal and (2) does not otherwise disclose the trade secret, except pursuant to court order. The Employee understands that any disclosure by the Employee of the Company's trade secrets not done in good faith consistent with the above may subject the Employee to substantial damages, including punitive damages and attorney's fees.

13. Return of Property. The Employee agrees that, upon the Employee's termination of employment, the Employee shall promptly return to the Company any keys, credit cards, passes, confidential documents or material, or other property belonging to the Company or any Affiliate, and the Employee shall also return all writings, files,

records, correspondence, notebooks, notes and other documents and things (including any copies thereof) containing Confidential Information or relating to the business or proposed business of the Company or any Affiliate or containing any Confidential Information relating to the Company of any Affiliate, except any personal diaries, calendars, rolodexes or personal notes or correspondence.

14. Cooperation. The Employee agrees that during the Employee's employment with the Company and following the Employee's termination of employment, the Employee shall be reasonably available to testify truthfully on behalf of the Company or any Affiliate in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to assist the Company, or any Affiliate, in all reasonable respects in any such action, suit, or proceeding, by providing information and meeting and consulting with the Board, or its representatives or counsel, or representatives or counsel to the Company or any Affiliate, as requested; provided, however, that the same does not materially interfere with Employee's then-current professional activities.

15. Representations of the Employee; Obligations to Former Employers. As a material term of this Agreement, the Employee represents that the Employee has disclosed to the Company all agreements, restrictions, or obligations that: (i) purport to impose on the Employee any post-employment obligations with respect to a current or former employer; (ii) may affect the Employee's ability to assume employment with the Company; (iii) may affect the Employee's ability to perform the duties of chief Commercial Officer of the Company; or (iv) may result in forfeiture or recoupment of any compensation (whether in the form of cash or equity) paid or payable by a current or former employer. As a material term of this Agreement, the Employee represents that the Employee is in compliance with, and will continue to comply with, the terms of all lawful, enforceable, and ongoing post-employment restrictions from the Employee's current or prior employment with respect to (I) nondisclosure of confidential information and trade secrets, (II) noncompetition, and (III) non-solicitation of employees, customers, and suppliers. The Employee understands and agrees that the Company does not wish to receive, and the Employee shall not provide to the Company, any confidential, proprietary or trade secret information that is owned by a third party, including any former employer of the Employee, that the Employee is contractually or otherwise legally prohibited from providing to the Company or any of its Affiliates.

16. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

17. Notices. Any notice to be given hereunder shall be deemed sufficient if addressed in writing, and delivered by registered or certified mail or delivered personally, in the case of the Company, to the Chief People Officer at the Company's principal business office, and in the case of the Employee, to the Employee's address appearing on the records of the Company, or to such other address as the Employee may designate in writing to the Company.

18. Severability. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provision as to make it valid, reasonable and enforceable. Furthermore, the parties specifically acknowledge the above covenant not to compete in Section 7 and covenant not to disclose Confidential Information in Section 8 are separate and independent agreements.

19. Entire Agreement; Amendment. This instrument contains the entire agreement of the parties relating to the subject matter hereof, and the parties have made no agreement, representations, or warranties relating to the subject matter of this Agreement that are not set forth herein. This Agreement may be amended only by mutual written agreement of the parties. This Agreement may be executed in one or more counterparts.

20. Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the laws of the State of Wisconsin, regardless of choice of law requirements. The parties hereby consent to the jurisdiction of the state courts of the State of Wisconsin and of any federal court in the venue of Wisconsin for the purpose of any suit, action or proceeding arising out of or related to this Agreement, and expressly waive any and all objections they may have as to venue in any of such courts.

21. Dispute Resolution. The parties hereto shall attempt in good faith to resolve disputes arising out of or relating to this Agreement as provided in this Section 21. Subject to a party's right to seek equitable remedies, including but not limited to specific performance and injunctive relief, as provided by Section 11 above, any dispute not resolved in writing within 21 days may be referred by either party to mediation involving a mediator (a third party neutral), trained and experienced in the mediation process and mutually agreed to by the parties. The mediator shall ascribe to and follow the commercial rules for the American Arbitration Association then in effect unless the parties mutually agree in writing to waive this provision for mediators in conducting and managing the mediation process. Expenses for the mediation shall be shared equally by the parties unless otherwise agreed during the mediation process. The parties may be accompanied in the mediation process by legal counsel and/or other persons mutually agreed to by the parties and the mediator. All participants will openly, honestly, and in good faith participate in the mediation. The mediation may be terminated at any time, for any reason, by the mediator or by either party. Any resolution reached by the parties during the mediation shall be recorded in writing and agreed to by the parties. Such resolution may be drafted and/or revised by the parties' legal counsel and shall be legally binding on the parties. Each party shall bear their own costs for their legal counsel unless otherwise agreed during the mediation process.

22. Assignment and Survivorship of Benefits. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against the Company and its successors and assigns and the Employee and the Employee's heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of the Employee may not be delegated or assigned.

23. Clawback Policy. The Employee acknowledges and agrees that any compensation or benefits received under this Agreement shall be subject to the Company's clawback policy, as amended or modified from time to time, and compliance with any rules and regulations relating to recovery of erroneously awarded compensation, and that the Employee shall take all action necessary or appropriate to comply with such policy (including, without limitation, entering into any further agreements, amendments or policies necessary or appropriate to implement and/or enforce such policy).

24. Certain Tax Matters.

(a) Taxes. Notwithstanding anything in this Agreement to the contrary, all payments and benefits required to be made or provided to the Employee under this Agreement will be subject to withholding of such amounts relating to taxes as the Company may reasonably determine that it should withhold pursuant to any applicable laws or regulations.

(b) Excise Taxes. Notwithstanding anything to the contrary in this Agreement, to the extent that the payment and benefits to be provided under this Agreement and any payments and benefits provided to the Employee or for the Employee's benefit under any other Company plan or agreement (collectively, the "Employment Payments") would be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), the Employment Payments shall be reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax, but only if, by reason of such reduction, the net after-tax benefit (taking all income, employment and excise taxes into account) received by the Employee shall exceed the net after-tax benefit that would be received by the Employee if no such reduction was made. Any reduction pursuant to this Section 24(b) shall be applied consistent with the requirements of Section 409A of the Code.

(c) Section 409A of the Code.

(i) To the extent applicable, it is intended that this Agreement and any payments and benefits made or provided hereunder shall comply with the requirements of Section 409A of the Code or any exemption or exclusion therefrom, and any related regulations or other guidance promulgated with respect to such section by the Internal Revenue Service, and shall in all respects be administered in accordance with Section 409A of the Code. Any provision that would cause this Agreement or any payment or benefit hereunder to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code in the least restrictive manner necessary and without any diminution in the value of the payments to the Employee, which amendment may be retroactive to the extent permitted by Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute "nonqualified deferred compensation" under Section 409A of the Code would otherwise be payable or distributable hereunder by reason of the Employee's termination of employment, such amount or benefit will not be payable or distributable to the Employee by reason of such circumstance unless (i) the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A of the Code or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a compliant "separation from service" under Section 409A of the Code. For purposes of Section 409A of the Code, each individual payment payable under the Agreement shall be deemed to be a "separate payment" within the meaning of Section 409A of the Code.

(ii) All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation and where applicable, that (A) any reimbursement is for expenses incurred during the period of time specified in this Agreement, (B) in no event shall reimbursements by the Company under this Agreement be made later than the last day of the Employee's taxable year next following the taxable year in which the applicable fees and expenses were incurred, (C) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any taxable year of the Employee may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Employee; and (D) the Employee's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit.

(iii) To the extent the Employee is a "specified employee," as defined in Section 409A of the Code and any elections made by the Company in accordance therewith, notwithstanding the timing of payment provided in any other section of this Agreement, no payment, distribution or benefit under this Agreement that constitutes a distribution of nonqualified deferred compensation (within the meaning of Treasury Regulation Section 1.409A-1(b)) upon the Employee's "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h)), after taking into account all available exemptions, that would otherwise be payable during the six-month period after the Employee's separation from service, will be made during such six-month period, and any such payment, distribution or benefit will instead be paid on the first business day after such six-month period (the "Delayed Payment Date"); provided, however, that if the Employee dies following a separation from service but before the Delayed Payment Date, such amounts shall be paid to the personal representative of the Employee's estate within 30 days following the Employee's death.

(iv) Nothing herein shall be construed as the guarantee of any particular tax treatment to the Employee, and none of the Company, the Board or any of the Affiliates shall have any liability with respect to any failure to comply with the requirements of Section 409A of the Code.

25. <u>Opportunity to Review; No Presumption</u>. The Employee represents that the Employee has been provided with an opportunity to review the terms of this Agreement with legal counsel. The parties agree that this Agreement is the product of negotiations between parties represented by legal counsel and that the presumption of interpreting ambiguities against the drafter of this Agreement shall not apply.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed as of the day, month and year first above written.

EMPLOYEE	**STRATTEC SECURITY CORPORATION**
/s/ Chey Becker - Varto	By: /s/ Jennifer L. Slater
Chey Becker - Varto	Name: Jennifer L. Slater
	Its: President and Chief Executive Officer

STRATTEC SECURITY CORPORATION
INSIDER TRADING POLICY

The Board of Directors of Strattec Security Corporation (the "Company") has adopted this Insider Trading Policy (this "Policy") applicable to all of the Company's and its subsidiaries' employees, officers, directors and consultants with respect to transactions in the Company's securities, as well as the securities of publicly traded companies with whom the Company has a business relationship, including customers and suppliers.

This Policy is designed to prevent insider trading or allegations of insider trading, and to protect the Company's reputation for integrity and ethical conduct. It is your obligation to understand and comply with this Policy. Should you have any questions about this Policy, please contact the Company's Chief Financial Officer or General Counsel.

Applicability of Policy

This Policy applies to all transactions in the Company's securities, including common stock, options for common stock and any other securities the Company may issue from time to time, such as preferred stock, notes, bonds, warrants and convertible debentures, as well as to derivative securities relating to the Company's securities, whether or not issued by the Company, such as exchange-traded options. This policy applies to all officers, directors, employees and consultants of the Company and its subsidiaries, who receive or have access to Material Nonpublic Information (as defined on page 4) regarding the Company. This group of people, members of their immediate families, and any person (other than a tenant or employee) sharing the same household of such officer, director or employee are sometimes referred to in this policy as "Insiders." This policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as the information is not publicly known.

Statement of Policy

1. Trading on Material Nonpublic Information. No Insider shall engage in any transaction involving a purchase or sale of the Company's securities, whether or not issued by the Company, including any offer to purchase or offer to sell, during any period in which he or she possesses Material Nonpublic Information concerning the Company. Moreover, no Insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of Material Nonpublic Information about that company that was obtained in the course of his or her involvement with the Company.

2. Short Sales. No Insider shall engage in a short sale of the Company's securities. A "short sale" is a sale of securities not owned by the seller or, if owned, not delivered against such sale within 20 days thereafter. Transactions in certain put and call options for the Company's securities may in some instances constitute a short sale.

3. Tipping. No Insider who knows of Material Nonpublic Information about the Company shall disclose ("tip") Material Nonpublic Information to any other person (including family members or friends) concerning the Company or its subsidiaries without the Company's authorization, nor shall such Insider or related person make recommendations or express opinions as to trading in the Company's securities on the basis of Material Nonpublic Information.

4. Margin Accounts and Pledged Securities. Securities held in a margin account may be sold without your consent by a broker if you fail to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or a foreclosure sale may occur at any time when an Insider is aware of Material Nonpublic Information or otherwise is not permitted to trade in the Company's securities, all Insiders are prohibited from holding the Company's securities in a margin account or otherwise pledging Company

securities as collateral for a loan. (Pledges of Company securities arising from certain types of hedging transactions are governed by the paragraph below captioned “Hedging Transactions.”)

5. Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an Insider to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the Insider to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the Insider may no longer have the same objectives as the Company's other shareholders. Therefore, these types of transactions are prohibited by this Policy.

6. No Exception for Hardship. The existence of a personal financial emergency does not excuse any Insider from compliance with this Policy.

7. Confidentiality of Nonpublic Information. Material Nonpublic Information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. In the event any officer, director, employee or consultant of the Company receives any inquiry from outside the Company, such as a stock analyst, for information (particularly financial results and/or projections), the inquiry should be referred to the Company's Chief Financial Officer or General Counsel, who is responsible for coordinating and overseeing the release of such information to the investing public, analysts and others in compliance with applicable laws and regulations.

8. Blackout and Pre-Clearance Procedures. To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on the basis of inside information, the Company's Board of Directors has adopted an Addendum to this Policy that applies to Company directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934 ("executive officers"), and certain designated employees and consultants of the Company and its subsidiaries who have access to Material Nonpublic Information about the Company. The Company will notify you if you are subject to the Addendum.

The Addendum generally prohibits persons covered by it from trading in the Company's securities during quarterly blackout periods (beginning at the close of market on the fifteenth day of the third month of each fiscal quarter and ending at the beginning of the third trading day following the release of the Company's earnings for that quarter) and during certain event-specific blackouts. Persons covered by the Addendum also must pre-clear all transactions in the Company's securities with the Chief Financial Officer or General Counsel.

Potential Criminal and Civil Liability and/or Disciplinary Action

1. Liability for Insider Trading. Pursuant to federal and state securities laws, potential penalties for trading on or communicating Material Nonpublic Information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory. A person who violates insider trading laws by engaging in transactions in the Company's securities when he or she has Material Nonpublic Information can be sentenced to a substantial jail term and required to pay a criminal penalty of several times the amount of profits gained or losses avoided. The U.S. Securities and Exchange Commission ("SEC") can also seek substantial civil penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel. These control persons may be held liable for up to the greater of $1 million or three times the amount of the profits gained or losses avoided. Even for violations that result in a small or no profit, the SEC can seek penalties from a company and/or its management and supervisory personnel as control persons.

2. Liability for Tipping. Insiders may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions as to trading

in the Company's securities on the basis of such information. Tippers can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the Financial Industry Regulatory Authority use sophisticated electronic surveillance techniques to uncover insider trading.

3. Possible Disciplinary Actions. The Company may also impose sanctions for failure to comply with this Policy, including dismissal for cause, whether or not your failure to comply with this Policy results in a violation of law.

4. Individual Responsibility. Every officer, director, employee and consultant has the individual responsibility to comply with this Policy against insider trading. An Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

Applicability of Policy to Inside Information Regarding Other Companies

This Policy and the guidelines described herein also apply to material nonpublic information relating to other companies, including the Company's customers, distributors, vendors or suppliers ("Business Partners"), when that information is obtained in the course of employment with, or during the rendering of services by or on behalf of, the Company. Civil and criminal penalties, and termination of employment, may result from trading on or entering into any transaction related to inside information regarding the Company's Business Partners. All officers, directors, employees and consultants should treat material nonpublic information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

Definition of Material Nonpublic Information

Information should be regarded as (1) material if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company's securities, and (2) nonpublic if the information has not been previously disclosed to the general public and is otherwise not available to the general public such as in a press release or an SEC filing (such information is referred to as "Material Nonpublic Information").

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material, whether positive or negative in nature. Examples of such information may include:

- Financial results
- Changes in financial guidance
- Known but unannounced future earnings or losses
- Execution or termination of significant contracts with customers, distributors, suppliers, joint venture partners and other business partners
- News of a pending or proposed merger or other acquisition or joint venture
- News of the disposition, construction or acquisition of significant assets
- Impending bankruptcy or financial liquidity problems
- Patent or other intellectual property milestones
- Scientific achievements or other developments from research efforts
- Significant developments involving corporate relationships
- Changes in dividend policy or a stock repurchase program
- New product announcements of a significant nature

- Significant product defects, product recalls, warranty issues or product modifications
- Stock splits
- New equity or debt offerings
- Positive or negative developments in outstanding litigation
- Significant litigation exposure due to actual or threatened litigation
- Major changes in senior management

Additionally, The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the open of business on the third trading day after the information was publicly disclosed before you can treat the information as public.

Non-public information may include:

- information available to a select group of analysts or brokers or institutional investors;
- undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and
- information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally **two** trading days).

If you are not sure whether information is considered material and/or public, you should either consult with the Company's Chief Financial Officer or General Counsel or assume that the information is material and non-public and treat it as confidential.

Post-Termination Transactions

This Policy continues to apply to transactions by an Insider in the Company's securities even after the Insider's employment or services to the Company have terminated until any Material Nonpublic Information concerning the Company that the Insider possesses as of the date of termination has become public. Post-Insider transactions are not subject to the Addendum to this Policy.

Certain Exceptions

For purposes of this policy, the Company considers that the exercise of stock options for cash under the Company's stock incentive plan, the exercise of stock appreciation rights under the Company's stock incentive plan, and the grant of restricted stock or restricted stock units under the Company's stock incentive plan (but not the sale of any shares issued upon such exercise or purchase) is exempt from this Policy, since the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the grant agreement or the plan. In addition, for purposes of this Policy, the Company considers that bona fide gifts of the securities of the Company are exempt from this Policy.

Inquiries

Your compliance with this Policy is extremely important to you and the Company. If you have any questions about this Policy or its application to a proposed transaction, please direct your questions to the Company's Chief Financial Officer or General Counsel. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are complex and there can be severe consequences for any violation of the rules.

This Insider Trading Policy is dated July 1, 2026, and supersedes any previous policy of the Company concerning insider trading.

Certifications

Certain Insiders will be required to certify their understanding of and intent to comply with this Policy in the form attached to this Policy. Such certifications may be required from certain persons on an annual basis.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities of the Company and the confidentiality of Material Nonpublic Information.

Date: ________________________

____
(Signature)

____
(Please print name)

Exhibit 19

STRATTEC SECURITY CORPORATION

ADDENDUM TO INSIDER TRADING POLICY – PRE-CLEARANCE AND BLACKOUT PROCEDURES

This is an Addendum to the Insider Trading Policy of Strattec Security Corporation (the "Company"). You should carefully review the Insider Trading Policy along with this Addendum for important terms and definitions that relate to this Addendum, including the definition of Material Nonpublic Information. This Addendum is in addition to and supplements the Insider Trading Policy.

To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on inside information, the Company's Board of Directors has adopted this Addendum. This Addendum applies to directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934 ("executive officers") and certain designated employees of the Company or its subsidiaries ("Covered Persons"). The names of the Covered Persons subject to this addendum are listed on Schedule 1, as updated from time to time by the Company. The Company may amend Schedule 1 from time to time as necessary to reflect any changes it deems appropriate, such as the appointment, resignation or change in status of any individual.

This Addendum also includes additional procedures designed to address the two-business day Form 4 filing requirement under Section 16.

Blackout Procedures

1. Quarterly Blackout Periods for Covered Persons. The period beginning at the close of market on the fifteenth day of the third month of each fiscal quarter and ending at the beginning of the third trading day following the date of public disclosure of the financial results for that quarter is a particularly sensitive period of time for transactions in the Company's stock from the perspective of compliance with applicable securities laws. This sensitivity is due to the fact that the Covered Persons will, during that period, often possess Material Nonpublic Information about the expected financial results for the quarter during that period. Accordingly, this period of time is referred to as a "Quarterly Blackout Period." All Covered Persons are prohibited from trading or engaging in any transaction that involves the purchase or sale of the Company's securities during the Quarterly Blackout Period.

2. Event-Specific Blackout Periods. In addition to the Quarterly Blackout Periods, from time to time, Material Nonpublic Information regarding the Company may be pending. While such information is pending, the Company may impose a special Event-Specific Blackout Period during which the same prohibitions on trading in the Company's securities shall apply. The Company will notify those persons who are subject to any Event-Specific Blackout Period. All officers, directors, employees, consultants and contractors of the Company and its subsidiaries are urged to remember that even if they are not subject to a Quarterly or Event-Specific Blackout Period, they are still prohibited from the unauthorized disclosure of any Material Nonpublic Information and the misuse of Material Nonpublic Information in securities trading.

3. Exception for Approved 10b5-1 Plans. Rule 10b5-1 under the Securities Exchange Act of 1934 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans (referred to as 10b5-1 plans) that meet certain requirements. In general, a 10b5-1 plan must be entered into outside of a Blackout Period and at a time in which you do not have Material Nonpublic Information about the Company. In order to have a valid 10b5-1 plan, you must:

(i) enter into a binding contract to purchase or sell the security;

(ii) instruct another person to purchase or sell the security for your account; or

(iii) adopt a written plan for trading securities.

Furthermore, the contract, plan or instructions must:

(i) specify the amount of securities to be traded, the price at which they will be sold and the date of the transaction;

(ii) include a formula for determining the amount, price and date; or

(iii) not permit the trader any influence over how, when or whether to effect a trade and no such influence may in fact be exercised.

If you enter into a 10b5-1 plan which is in writing and approved in advance by the Company's Chief Financial Officer or General Counsel, then you may trade in the Company's securities pursuant to such 10b5-1 plan during a Blackout Period and while otherwise in possession of Material Nonpublic Information.

Preclearance of Trades by Covered Persons

The Company has determined that all Covered Persons must refrain from trading in the Company's securities or engaging in any transaction related to the Company's securities, even outside of a Blackout Period, without first complying with the Company's preclearance process. Each such person must contact the Company's Chief Financial Officer or General Counsel prior to commencing any trade in or transaction related to the Company's securities, including any permitted trade pursuant to a 10b5-1 plan. The Company's Chief Financial Officer or General Counsel will consult as necessary with senior management of the Company before clearing any proposed trade.

Additional Information - Directors and Executive Officers

Directors and executive officers of the Company must also comply with the reporting obligations and limitations on certain purchase and sale, or sale and purchase, transactions in the Company's securities made during any given six-month period as set forth in Section 16 of the Securities Exchange Act of 1934 ("short swing transactions"). The practical effect of these provisions is that directors and executive officers who purchase and sell the Company's securities within a six-month period must disgorge all profits to the Company whether or not they had knowledge of any Material Nonpublic Information. Under these provisions, and so long as certain other criteria are met, neither the receipt of restricted stock, restricted stock units or an option or stock appreciation right under the Company's stock incentive plan, nor the exercise of that option or stock appreciation right is deemed a purchase under Section 16; however, the sale of any such shares is a sale under Section 16. Section 16 prohibits executive officers and directors from ever making a short sale of the Company's stock. A short sale is a sale of securities not owned by the seller or, if owned, not delivered (a "short sale against the box"). Transactions in put and call options for the Company's securities may in some instances constitute a short sale or may otherwise result in liability for short swing profits. All such transactions are prohibited by the Company's Insider Trading Policy.

This Addendum to the Insider Trading Policy is dated July 1, 2026.

Exhibit 21

SUBSIDIARIES OF THE COMPANY

Subsidiary	Country of Incorporation	Percent Owned
Strattec de Mexico S.A. de C.V.	Mexico	100%
Strattec Power Access LLC	United States	100%
ADAC-Strattec LLC	United States	51%

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-4300, 333-31002, 333-103219, 333-140715, 333-199906, 333-249611, 333-45221, 333-277037, and 333-282804 on Form S-8 of our reports dated August 28, 2026, relating to the financial statements of Strattec Security Corporation, and the effectiveness of Strattec Security Corporation's internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended June 28, 2026.

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
August 28, 2026

Exhibit 31.1

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 annual report on Form 10-K 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: August 28, 2026

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

Exhibit 31.2

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 annual report on Form 10-K 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: August 28, 2026

/s/ Matthew Pauli
Matthew Pauli,
Chief Financial Officer

Exhibit 32

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 Annual Report on Form 10-K of the Company for the year ended June 28, 2026 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 28, 2026

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

Dated: August 28, 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.