

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): May 31, 2024

STRATTEC SECURITY CORPORATION

(Exact Name of Registrant as Specified in Charter)

Wisconsin
(State or Other Jurisdiction
of Incorporation)

0-25150
(Commission
File Number)

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

3333 West Good Hope Road, Milwaukee, Wisconsin 53209
(Address of Principal Executive Offices, and Zip Code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| <u>Title of each class</u> | <u>Trading Symbol</u> | <u>Name of each exchange on which registered</u> |
|-------------------------------|-----------------------|--|
| Common Stock, \$.01 par value | STRT | The Nasdaq Global Stock Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Effective as of May 31, 2024, ADAC-STRATTEC, LLC (“ADAC-STRATTEC”), a majority owned subsidiary of STRATTEC SECURITY CORPORATION (the “Company”), entered into a tenth amendment (the “Amendment”) to its June 28, 2012 Credit Agreement, as previously amended by an Amendment No. 1 dated January 22, 2014, an Amendment No. 2 dated June 25, 2015, an Amendment No. 3 dated April 27, 2016, an Amendment No. 4 dated June 26, 2017, an Amendment No. 5 dated March 27, 2018, an Amendment No. 6 dated December 30, 2018, an Amendment No. 7 dated October 28, 2019, an Amendment No. 8 dated June 1, 2021, and an Amendment No. 9 dated February 6, 2023 (collectively, the “ADAC-STRATTEC Credit Agreement”), with BMO Harris Bank N.A., as lender. The Amendment amends the ADAC-STRATTEC Credit Agreement to, among other things, (1) decrease the revolving credit commitment from \$25,000,000 to \$20,000,000 as of the effective date of the Amendment (as defined below) and further decreasing the revolving credit commitment to \$18,000,000 on August 1, 2025, (2) extend the maturity date from August 1, 2024 to August 1, 2026, (3) increase the interest rate margin on SOFR Loans (as defined in the Credit Agreement) from 1.25% to 3.00%, (4) increase the interest rate margin on Adjusted Base Rate Loans (as defined in the Credit Agreement) from 0.00% to 2.00%, (5) increase the unused fee from 0.15% to 0.25%, and (6) increase the required minimum tangible net worth from \$40,000,000 to \$45,000,000. The foregoing summary is not complete and is qualified in its entirety by reference to the full and complete terms of the Amendment, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

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

As described above under Item 1.01, effective May 31, 2024, ADAC-STRATTEC entered into an amendment to its credit agreement with BMO Harris Bank N.A.. to, among other things, (1) decrease the revolving credit commitment from \$25,000,000 to \$20,000,000 as of the effective date of the Amendment (as defined below) and further decreasing the revolving credit commitment to \$18,000,000 on August 1, 2025, (2) extend the maturity date from August 1, 2024 to August 1, 2026, (3) increase the interest rate margin on SOFR Loans (as defined in the Credit Agreement) from 1.25% to 3.00%, (4) increase the interest rate margin on Adjusted Base Rate Loans (as defined in the Credit Agreement) from 0.00% to 2.00%, (5) increase the unused fee from 0.15% to 0.25%, and (6) increase the required minimum tangible net worth from \$40,000,000 to \$45,000,000. The foregoing summary is not complete and is qualified in its entirety by reference to the full and complete terms of the Amendment, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number

Description

| | |
|------|---|
| 10.1 | Amendment No. 10 to ADAC-STRATTEC Credit Agreement, dated as of May 31, 2024, between ADAC-STRATTEC, LLC and BMO Harris Bank N.A., as lender. |
| 104 | 104 – Cover Page Interactive Data File (embedded within the Inline XBRL document). |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STRATTEC SECURITY CORPORATION

By: /s/ Dennis Bowe
Dennis Bowe, Vice President and
Chief Financial Officer

Date: May 31, 2024

AMENDMENT NO. 10 TO CREDIT AGREEMENT

As of May 31, 2024

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

Ladies and Gentlemen:

ADAC-Strattec, LLC, a Delaware limited liability company (the "Company"), hereby agrees with you as follows:

1. Definitions. Reference is made to that certain Credit Agreement dated as of June 28, 2012 (as amended, restated, amended and restated or otherwise modified, the "Credit Agreement") between the Company and BMO Bank N.A., formerly known as BMO Harris Bank N.A. (the "Lender"). All capitalized terms used and not otherwise defined herein shall have the meanings given to such terms by the Credit Agreement as amended hereby.

2. Background. The Company has requested that the Lender agree to extend the term of the Credit Agreement to August 1, 2026 and make certain other changes to the Credit Agreement. Subject to all of the terms and conditions hereof, the Lender and the Company have agreed to such amendments on the terms set forth below.

3. Amendments to Credit Agreement. Subject to all of the terms and conditions hereof, upon execution and delivery of this Amendment, the Credit Agreement shall be amended as of the date first written above as follows:

a. The definition of "Applicable Margin" contained in Section 1.01 of the Credit Agreement is amended and restated in its entirety as follows:

""Applicable Margin" means (i) for SOFR Loans, 3.00% and (ii) for Adjusted Base Rate Loans, 2.00%."

b. The definition of "Fixed Charge Coverage Ratio" contained in Section 1.01 of the Credit Agreement is amended and restated in its entirety as follows:

""Fixed Charge Coverage Ratio" means, for any period, the relationship, expressed as a numerical ratio, between:

(1) EBITDA for such period minus the sum of (A) capital expenditures paid or incurred during such period other than capital expenditures financed with the proceeds of Indebtedness, and (B) the amount of all distributions paid by the Company to its members during such period for the purpose of enabling such

members to pay their state and federal income tax liability attributable to their respective shares of the Consolidated Net Earnings of the Company, and

(2) the sum of (A) interest expense on Indebtedness of the Company and its Subsidiaries for such period, and (B) scheduled principal payments on Indebtedness of the Company and its Subsidiaries during such period (including the principal component of any Capitalized Lease payments),

all as determined in accordance with GAAP applied on a consolidated basis to the Company and its Subsidiaries.”

c. The definition of “Revolving Commitment” contained in Section 1.01 of the Credit Agreement is amended and restated in its entirety as follows:

““Revolving Commitment” means the obligation of the Lender to make Revolving Loans to the Company and issue Letters of Credit for the account of the Company subject to the terms and conditions of this Agreement in an aggregate amount not exceeding (a) through July 31, 2025, \$20,000,000, and (b) on and after August 1, 2025, \$18,000,000, as such amount may be reduced from time to time pursuant to the terms hereof.”

d. The first sentence of Section 2.01 of the Credit Agreement is amended to change the date “August 1, 2024” to “August 1, 2026”.

e. The first sentence of Section 2.05 of the Credit Agreement is amended to change the figure “0.15%” to “0.25%”.

f. Section 7.01(a) of the Credit Agreement is amended to change the figure “\$40,000,000” to “\$45,000,000”.

g. The last paragraph of Section 7.06 of the Credit Agreement is amended and restated in its entirety as follows:

“The financial statements referred to in Section 7.06(a) above shall be accompanied by a certificate by the chief financial officer of the Company, which shall be delivered at the end of each fiscal quarter, showing computations demonstrating compliance or non-compliance with Section 7.01 and stating that, as of the close of the last quarter covered in such financial statements, no condition or event had occurred which constitutes a Default or Event of Default (or if there was such a condition or event, specifying the same).”

h. All references to the Credit Agreement in the Credit Agreement, the Note and the Loan Documents shall refer to the Credit Agreement as amended hereby.

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

a. It has been executed and delivered by all parties to the Credit Agreement as amended hereby, and acknowledged and agreed to by STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the “Guarantor”);

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

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

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

6. Confirmation of Agreements. Except as expressly provided above, the Credit Agreement and the Loan Documents shall remain in full force and effect. This Amendment does not constitute a waiver or amendment of any term, condition or covenant in the Credit Agreement other than as specifically set forth above. Nothing contained in this Amendment or in any other document, or any course of dealing with the Company, shall be construed to imply that there is any agreement by the Lender to provide any waiver or agree to any amendment in

the future. This Amendment shall not release, discharge or satisfy any present or future debts, obligations or liabilities to the Lender of the Company or of any debtor, guarantor or other person or entity liable for payment or performance of any of such debts, obligations or liabilities of the Company, or any mortgage, security interest, lien or other collateral or security for any of such debts, obligations or liabilities of the Company or such debtors, guarantors or other persons or entities, or waive any default except as expressly provided herein, and the Lender expressly reserves all of its rights and remedies with respect to the Company and all such debtors, guarantors or other persons or entities, and all such mortgages, security interests, liens and other collateral and security. This is an amendment and not a novation. The Company acknowledges and agrees that the obligations under the Credit Agreement and the Note exist and are owing with no offset, defense or counterclaim assertible by the Company and that the Credit Agreement, the Note and the Loan Documents are valid, binding and fully enforceable according to their respective terms.

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

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

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

Very truly yours,

ADAC-STRATTEC, LLC

(SEAL)

By: /s/ Dennis Bowe

Name: Dennis Bowe

Title: Vice President and Chief Financial Officer

[Signature page to ADAC-Strattec, LLC
Amendment No. 10 to Credit Agreement]

4888-7781-8298

Agreed to as of the date first above written.

BMO BANK N.A.

By: /s/ Mark Czarnecki

Name: Mark Czarnecki

Title: Senior Vice President

[Signature page to ADAC-Strattec, LLC
Amendment No. 10 to Credit Agreement]

4888-7781-8298

ACKNOWLEDGEMENT AND CONSENT OF GUARANTOR

The undersigned Guarantor hereby consents to the foregoing Amendment No. 10 to Credit Agreement and agrees that its Corporate Guarantee Agreement dated as of June 28, 2012, and all collateral or security therefor, if any, shall remain in full force and effect after giving effect to the foregoing Amendment.

Dated as of the date first above written.

STRATTEC SECURITY CORPORATION

(SEAL)

By: /s/ Dennis Bowe

Name: Dennis Bowe

Title: Vice President and Chief Financial Officer

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