Q3 FY2025 Financial Results Conference Call

May 9, 2025

Nasdaq: STRT

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Safe Harbor Statement

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Certain statements contained in this presentation contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as “anticipate,” “believe,” “could,” “expect,” “intend,” “may,” “planned,” “potential,” “should,” “will,” and “would.” Such forward-looking statements are inherently subject to many uncertainties in the Company’s operations and business environment. These uncertainties include general economic conditions, in particular, relating to the automotive industry, consumer demand for the Company’s and its customers’ products, competitive and technological developments, customer purchasing actions, changes in warranty provisions and customer product recall policies, work stoppages at the Company or at the location of its key customers as a result of labor disputes, foreign currency fluctuations, the impact of U.S. trade policies, tariffs and reactions to the same from foreign countries on costs and customer demand, matters adversely impacting the timing and availability of component parts and raw materials needed for the production of our products and the products of our customers and fluctuations in our costs of operation. 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 press presentation and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances occurring after the date of this presentation. In addition, such uncertainties and other operational matters are discussed further in the Company’s quarterly and annual filings with the Securities and Exchange Commission.

Use of Non-GAAP Financial Metrics and Additional Financial Information

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, STRATTEC provides Adjusted Non-GAAP information as additional information for its operating results. References to Adjusted Non-GAAP information are to non-GAAP financial measures. These measures are not required by, in accordance with, or an alternative for, GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. STRATTEC’s management uses these measures to make strategic decisions, establish budget plans and forecasts, identify trends affecting STRATTEC’s business, and evaluate performance. Management believes that providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, will help investors evaluate STRATTEC’s core operating and financial performance and business trends consistent with how management evaluates such performance and trends. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

The Company has provided reconciliations of comparable GAAP to non-GAAP measures in the supplemental slides of this presentation.

STRATTEC Q3 FY2025

Highlights

OPERATIONAL CASH FLOW: Generated $20.7 million in Q3

- YTD cash from operations of $41.5 million

REVENUE GROWTH: up $3.3 million to $144.1 million

- Driven by strategic pricing actions & favorable product mix
- Boosted by net new program launches

PROFITABILITY: Delivered adj. EBITDA of $12.9 million (8.9% of sales)

- Up from $6.2 million (4.4% of sales) in Q3 FY24

EXECUTING OPERATIONAL TRANSFORMATION:

- FY 2025 restructuring actions in Milwaukee and Mexico to deliver approximately $5 million in annual savings
- 12% headcount reduction YTD improves operational leverage
- Driving self-help efforts to expand margins while changing culture
- Tariff mitigation underway via USMCA compliance, logistics changes, pricing and sourcing

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Executing Transformation Amid Uncertainty

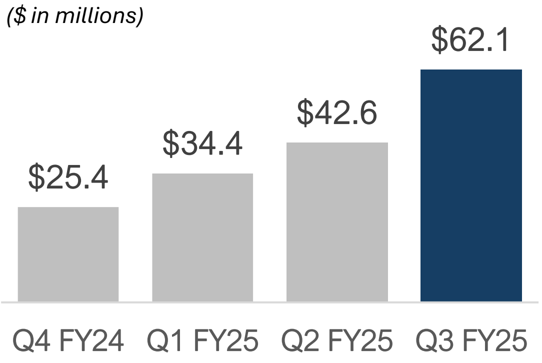
Executing Plan to Deliver Value

- Restructuring in Q3 FY25 expected to deliver ~$5M in annual savings
- 12% total headcount reduction FYTD
- Evaluating long-term modernization of manufacturing and assembly processes
- Price actions delivering margin improvement

Managing Through Trade Uncertainty

- Excluding USMCA compliant sales, estimated annual tariff impact of $9M to $12M, before mitigation
- Mitigation plans underway: logistics adjustments, supplier shifts, pricing actions
- Tariff uncertainty causing adverse auto industry production outlook

Cash Cushion for Uncertain Times



- Cash provides buffer for uncertain outlook and enables continued execution of plans
- Margin expansion and working capital improvements driving cash flow

Building a Stronger Business

- Focused on earnings power and margin expansion
- Strengthening operational discipline and accountability
- Continued investment in organization and people

Q3 FY25 Sales Increased 2.4% Y/Y

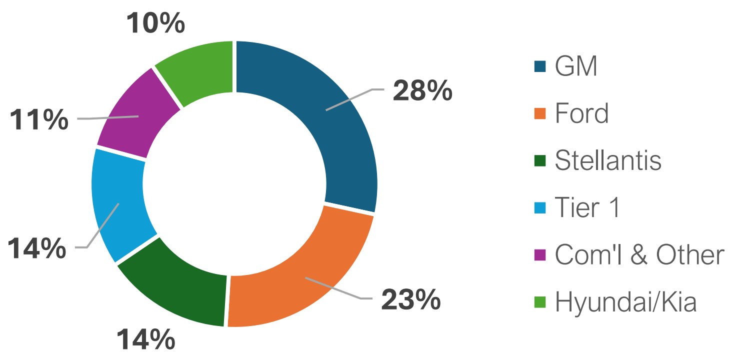
($ in millions; narrative compared with prior-year period unless otherwise noted)

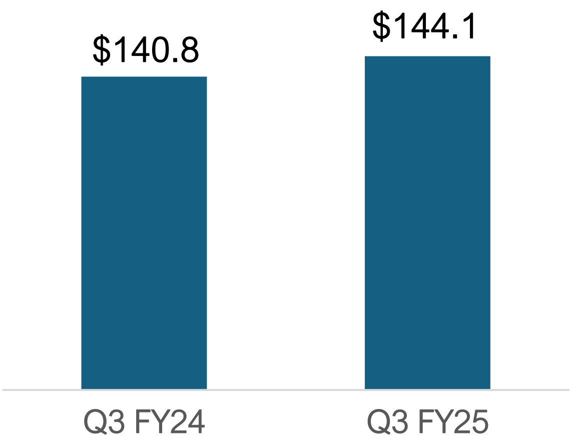
Q3 FY25 Sales by Customer

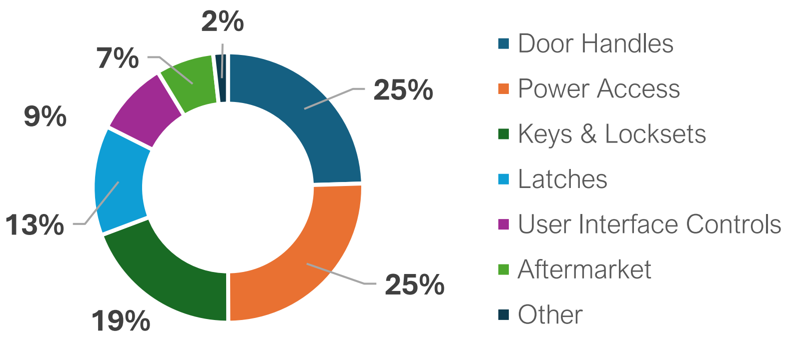
Net Sales Growth

Q3 FY25 Sales by Product

Above market sales growth driven by strategic pricing actions, higher value content and net new program launches







- Ford up 6%: higher volume and added content for power tailgate and latches
- Stellantis up 14%: new key and lockset content on Dodge Ram Heavy Duty trucks
- GM down 4%: lower demand across products

Net sales up $3.3 million

- $2.5 million of strategic pricing increases and $2.2 million in higher value content placement
- $1.6 million due to net new program launches
- Offset by $3.0 million reduction in sales volumes for existing platforms

- 6% growth y/y in Power Access products on higher value content placement across SUV/Pickup platforms
- Keys & locksets up 7% y/y on pricing and new launches including high-content Dodge Ram Heavy Duty platform
- Door Handles & Latches down slightly

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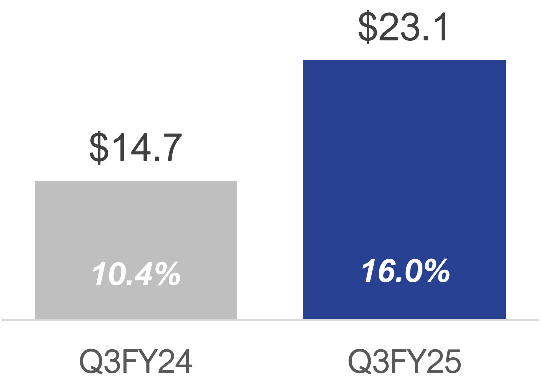
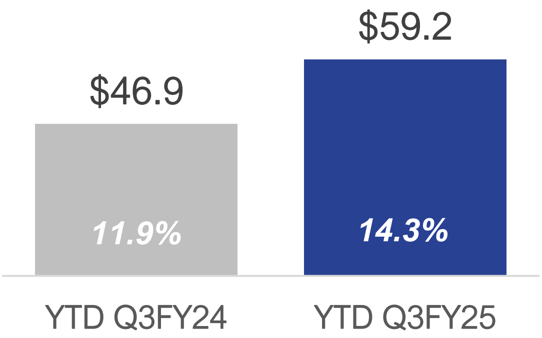
Higher Gross Profit and Margin Expansion

($ in millions; narrative compared with prior-year period unless otherwise noted)

Gross Profit & Margin (QTR)



Gross Profit & Margin (YTD)



Gross margin expanded 560 basis points in Q3

+ Stronger US dollar
  - *$4.4 million, or 310 bps, FX benefit*
  - *Current rate of ~20 MXN peso at 5-year average*
+ Margin-accretive strategic pricing actions
+ Materials and labor cost improvements
– $0.8 million tariff expenses related to U.S. tariff policy changes

YTD gross margin expanded 240 basis points

+ FX tailwinds, stronger pricing and operational leverage
– Partially offset by Mexico labor costs (govt mandated) and tariff impacts

Manageable Tariff Exposure

Well positioned to manage dynamic tariff environment.

- ~93% of US imports are USMCA compliant and are not subject to additional tariffs.
- Strong balance sheet and cost focus provide support as mitigation actions are implemented.

TARIFF IMPACT

Direct:

- Current incremental tariffs impact ~$30m of sales (6% of consolidated sales).
- Total estimated tariff costs are $9-12 million before mitigation efforts.

Indirect:

- Uncertainty in potential changes in North American automotive production schedules
- Identified additional areas for operational cost improvements (i.e. logistics)

MITIGATION ACTIONS

Established daily "Tariff Task Force" to align cross functionally.

Active customer engagement on mitigation plans. Expect 100% commercial recoveries.

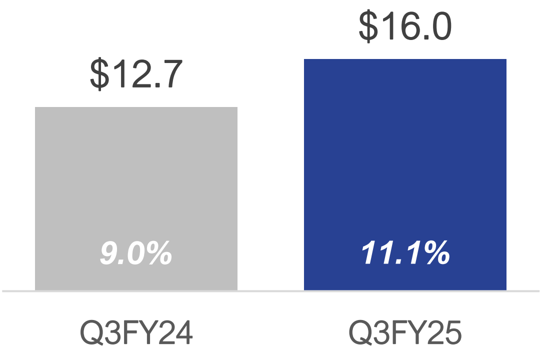
Engaged third party to assist in review of USMCA compliance & HTS code classification.

Reassessing our supplier network – focused on in-region for region procurement.

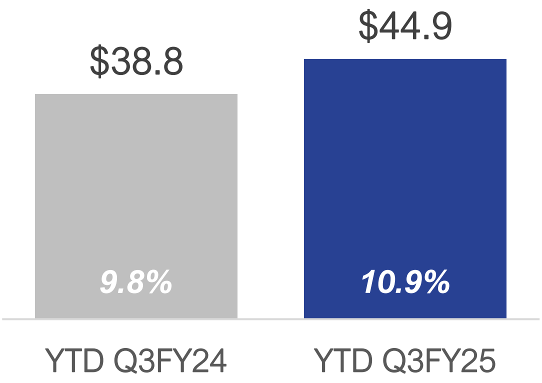
Strengthening Operations for Efficiency

($ in millions; narrative compared with prior-year period unless otherwise noted)

ES&A[1] | % of Sales (Qtr)



ES&A[1] | of Sales (YTD)



Increase in ES&A[1] reflects business investment, transformation costs and investments in human capital

- Up $3.3 million to 11.1% of sales
- $1.2 million incentive and bonus compensation
- $0.8 million in restructuring charges
- $0.8 million timing of engineering spend and outside services

Investments in leadership expected to deliver process efficiencies and related savings over time

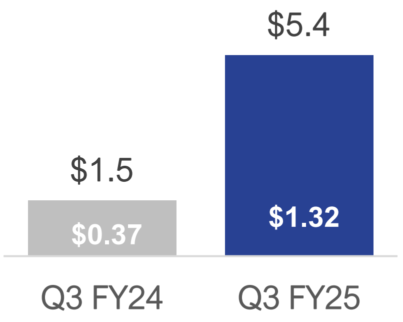
- YTD results include $2.1 million of executive transition costs compared with $1.0 million in prior year, $0.5 million business transformation costs and $1.0 million of restructuring costs.
- $2.8 million incremental incentive and bonus compensation

[1] Engineering, selling and administrative expenses

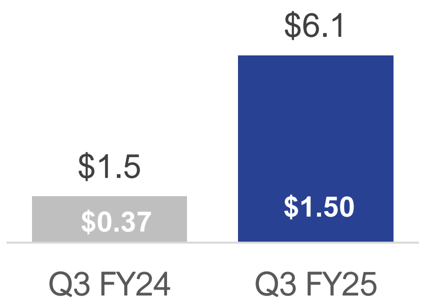
Enhanced Earnings Power

($ in millions except earnings per share data; narrative compared with prior-year period unless otherwise noted)

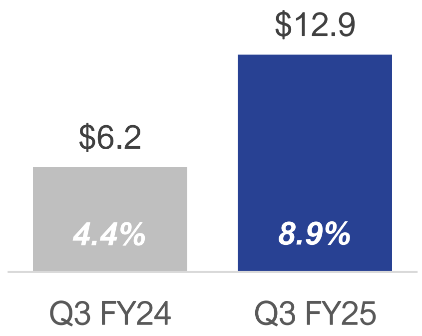
Net Income[1] (Qtr)



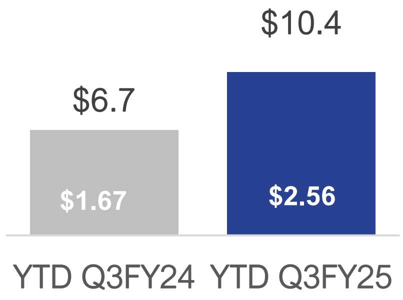
Adj. Net Income[2] (Qtr)



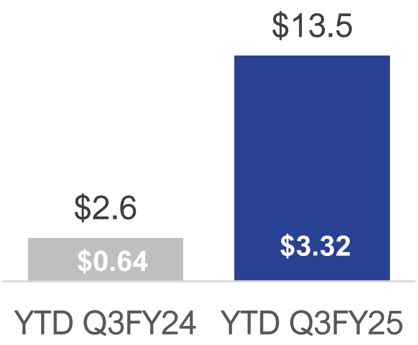
Adj. EBITDA[2] & Margin (Qtr)



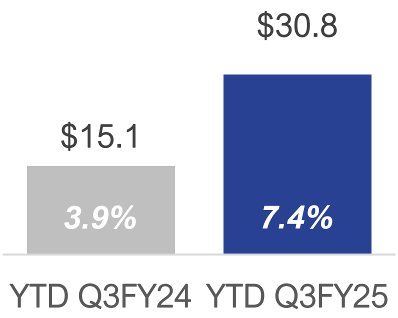
Net Income[1] (YTD)



Adj. Net Income[2] (YTD)



Adj. EBITDA[2] & Margin (YTD)



Q3 FY25 Net Income[1] up 258%

Q3 FY25 Adj. EPS[2] grew 305% to $1.50

Q3 FY25 Adj. EBITDA[2] margin expanded 450 basis points

- Driven by higher sales volume, FX and cost management initiatives; higher bonus accruals on improving performance

Focused on driving sustainable margin improvement

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[1] *Net Income Attributable to STRATTEC*

[2] *Adjusted Net Income, Adjusted Diluted Earnings per Share, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP metrics. Refer to the reconciliation of GAAP to non-GAAP metrics in the supplemental tables of this presentation.*

Strong Cash Generation

($ in millions; narrative compared with prior-year period unless otherwise noted)

CAPITALIZATION		
	March 30, 2024	December 29, 2024
Cash and cash equivalents	$ 62.1	$ 42.6
Total debt	13.0	13.0
Shareholders' equity	234.6	228.2
Total capitalization	**$ 247.2**	**$ 241.2**
Debt / total capitalization	5.3%	5.4%

	THREE MONTHS ENDED	
	March 30, 2025	March 31, 2024
Net cash provided by operating activities	$ 20.7	$ (0.3)
CapEx	(1.2)	(1.7)
Free cash flow (FCF)[1]	$ 19.5	$ (2.0)

$21.0 million increase in operating cash flow

- Improved operating performance
- Working capital efficiency improvements, including improvement in days payable outstanding

Financial flexibility

- $62.1 million in cash
- $47 million available under lines of credit

FY 2025 CapEx

- Focused on new product programs and equipment replacements/upgrades for safety and productivity improvements
- $4.2M YTD CapEx primarily includes capital to support new customer programs and $1.2 million for upgraded equipment to improve productivity

Capital priorities

- Conserve cash through uncertain times and moderated market conditions
- Operational efficiencies & productivity: equipment and IT modernization, people
- Organic growth initiatives: market positioning, brand and selling processes

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[1] Free cash flow is a non-GAAP metric defined as cash flow from operations less capital expenditures (CapEx)

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Q3 FY2025 Financial Results

Supplemental Slides

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Reconciliation of GAAP to Non-GAAP Financial Measures

	Fiscal 2024					Fiscal 2025				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
ADJUSTED NET SALES:										
Net Sales (GAAP)	135,406	118,532	140,773	143,055	$ 537,766	139,052	129,919	144,082	-	$ 413,053
Adjustments:								-		
Retroactive FY23 one-time pricing recovery	(7,950)	(1,551)	(397)	175	(9,723)	-	-	-	-	-
Adjusted Sales (Non-GAAP)	127,456	116,981	140,376	143,230	528,043	139,052	129,919	144,082	-	413,053
ADJUSTED EBITDA:										
Net income attributable to STRATTEC (GAAP)	$ 4,165	$ 1,022	$ 1,506	$ 9,620	$ 16,313	$ 3,703	$ 1,319	$ 5,396	$ -	$ 10,418
Net income (loss) attributable to non-controlling interest	290	(242)	(380)	447	115	45	79	315	-	439
Provision for income tax	1,387	264	546	1,578	3,775	1,498	405	1,644	-	3,547
Other (income) expense, net	131	(1,098)	208	(1,958)	(2,717)	(129)	482	16	-	369
Investment and interest income	(87)	(107)	(143)	(235)	(572)	(349)	(408)	(529)	-	(1,286)
Interest expense	220	219	222	239	900	295	257	243	-	795
Income from operations	6,106	58	1,959	9,691	17,814	5,063	2,134	7,085	-	14,282
Adjustments:										
Depreciation	4,385	4,330	4,059	3,773	$ 16,547	3,662	3,544	3,746	-	$ 10,952
Non-cash stock-based compensation	505	479	240	243	1,467	188	891	760	-	1,839
Restructuring and similar charges	-	-	-	-	-	-	265	809	-	1,074
Retroactive FY23 one-time pricing recovery, net	(7,078)	(641)	(298)	24	(7,993)	-	-	-	-	-
Executive transition costs	-	774	211	73	1,058	941	921	214	-	2,076
Business transformation costs	-	-	-	-	-	74	215	259	-	548
	(2,188)	4,942	4,212	4,113	11,079	4,865	5,836	5,788	-	16,489
Adjusted EBITDA (Non-GAAP)	$ 3,918	$ 5,000	$ 6,171	$ 13,804	$ 28,893	$ 9,928	$ 7,970	$ 12,873	$ -	$ 30,771
Adjusted EBITDA as a % of Adjusted Net Sales	3.1%	4.3%	4.4%	9.6%	5.5%	7.1%	6.1%	8.9%		7.4%

Reconciliation of GAAP to Non-GAAP Financial Measures

	Fiscal 2024					Fiscal 2025				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
ADJUSTED NET INCOME AND EARNINGS/(LOSS) PER SHARE:										
Net income attributable to STRATTEC (GAAP)	$ 4,165	$ 1,022	$ 1,506	$ 9,620	$ 16,313	$ 3,703	$ 1,319	$ 5,396	$ -	$ 10,418
Adjustments:										
Restructuring and similar charges	265	3	-	63	331	-	265	809	-	1,074
Retroactive FY23 one-time pricing recovery, net	(7,078)	(641)	(298)	24	(7,993)	-	-	-	-	-
Executive transition costs	-	973	211	73	1,257	1,224	1,225	214	-	2,663
Business transformation costs	-	-	-	-	-	74	215	259	-	548
Non-controlling interest impact on above adjustments	1,014	181	55	22	1,272	-	-	(160)	-	(160)
Tax effect on above adjustments	1,305	(116)	7	(41)	1,155	(292)	(384)	(376)	-	(1,052)
	(4,494)	400	(25)	141	(3,978)	1,006	1,321	746	-	3,073
Adjusted Net Income/(Loss) attributable to STRATTEC (Non-GAAP)	$ (329)	$ 1,422	$ 1,481	$ 9,761	$ 12,335	$ 4,709	$ 2,640	$ 6,142	$ -	$ 13,491
Weighted Average Basic Shares Outstanding	3,948	3,976	3,988	3,988	3,975	4,005	4,035	4,039	-	4,026
Weighted Average Diluted Shares Outstanding	3,974	3,998	4,017	4,027	4,004	4,046	4,070	4,085	-	4,067
Diluted earnings per share (GAAP)	$ 1.05	$ 0.26	$ 0.37	$ 2.39	$ 4.07	$ 0.92	$ 0.32	$ 1.32	$ -	$ 2.56
Adjusted dilutive earnings/(loss) per share (Non-GAAP)	$ (0.08)	$ 0.36	$ 0.37	$ 2.42	$ 3.08	$ 1.16	$ 0.65	$ 1.50	$ -	$ 3.32

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Q3 FY2025 Financial Results

May 8, 2025

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