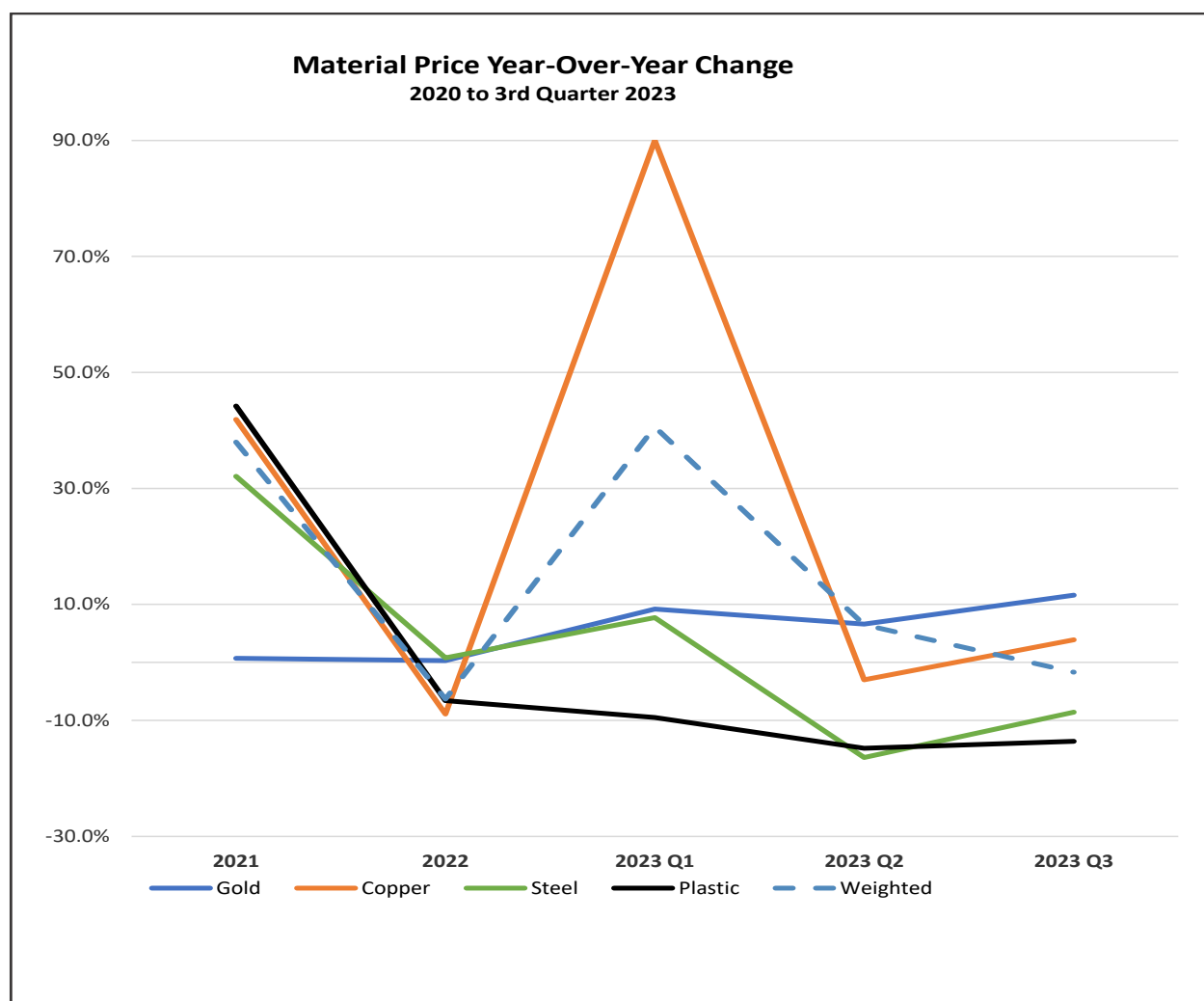


Raw Material Costs Decreased -1.7% YOY In 3Q23

The price of just about all products including energy, food, building supplies, vehicles, and electronics were affected by inflation in 2022. During the third quarter of 2023, prices on the main materials used in connectors decreased -1.7% year-over-year (YOY) and decreased 3.6% sequentially. Four items make up 75% of the raw material cost to produce a connector: gold, copper, steel, and plastics.

The following chart shows the YOY change in the cost of these materials over the last three years and the first three quarters of 2023.



The following table shows the year-over-year (YoY) change in 3Q23 for each material. Thermoplastics and steel were the biggest driver of the overall decrease as they represent 40.0% usage weight of the connector materials. Both materials had mid-teen price drops in the quarter. Copper/brass was up 3.9%, after being down in the second quarter, while gold was up 11.6% in the quarter. The overall weighted decrease was down 1.7% for all materials in the third quarter.

Change in Material Cost Year-Over-Year

Material	3Q23 YOY	Usage Weight	3Q23 Weighted
Gold	11.6%	13.3%	1.5%
Copper/Brass	3.9%	46.7%	1.8%
Steel	-8.6%	6.7%	-0.6%
Thermoplastics	-13.6%	33.3%	-4.5%
Total Change	-1.7%	100.0%	-1.7%

On a quarter-over-quarter basis (2Q22 to 3Q23), material costs decreased -3.6%. The weighted total cost for connectors on a sequential basis decreased -2.9%. All material costs decreased QoQ with thermoplastics decreasing the most from 2Q23.

Change in Material Cost Quarter-Over-Quarter

Material	3Q23 QOQ	3Q23 Weighted
Gold	-2.5%	-0.3%
Copper/Brass	-1.0%	-0.5%
Steel	-5.5%	-0.4%
Thermoplastics	-5.2%	-1.7%
Total Change	-3.6%	-2.9%

It is important to understand that the change in raw material costs will differ based on individual usage of these materials in connector production.

Bishop Comments

We expect connector prices to increase only slightly if at all, as we finish out 2023 and head into 2024. Although material costs will continue to be a key driver in connector prices, wages and manufacturing overhead will initially be a bigger factor particularly in North America where effective January of 2024, almost 50% of all states will have initiated increases in the minimum hourly wage and in Canada where in April of 2024, the minimum wage will also increase.