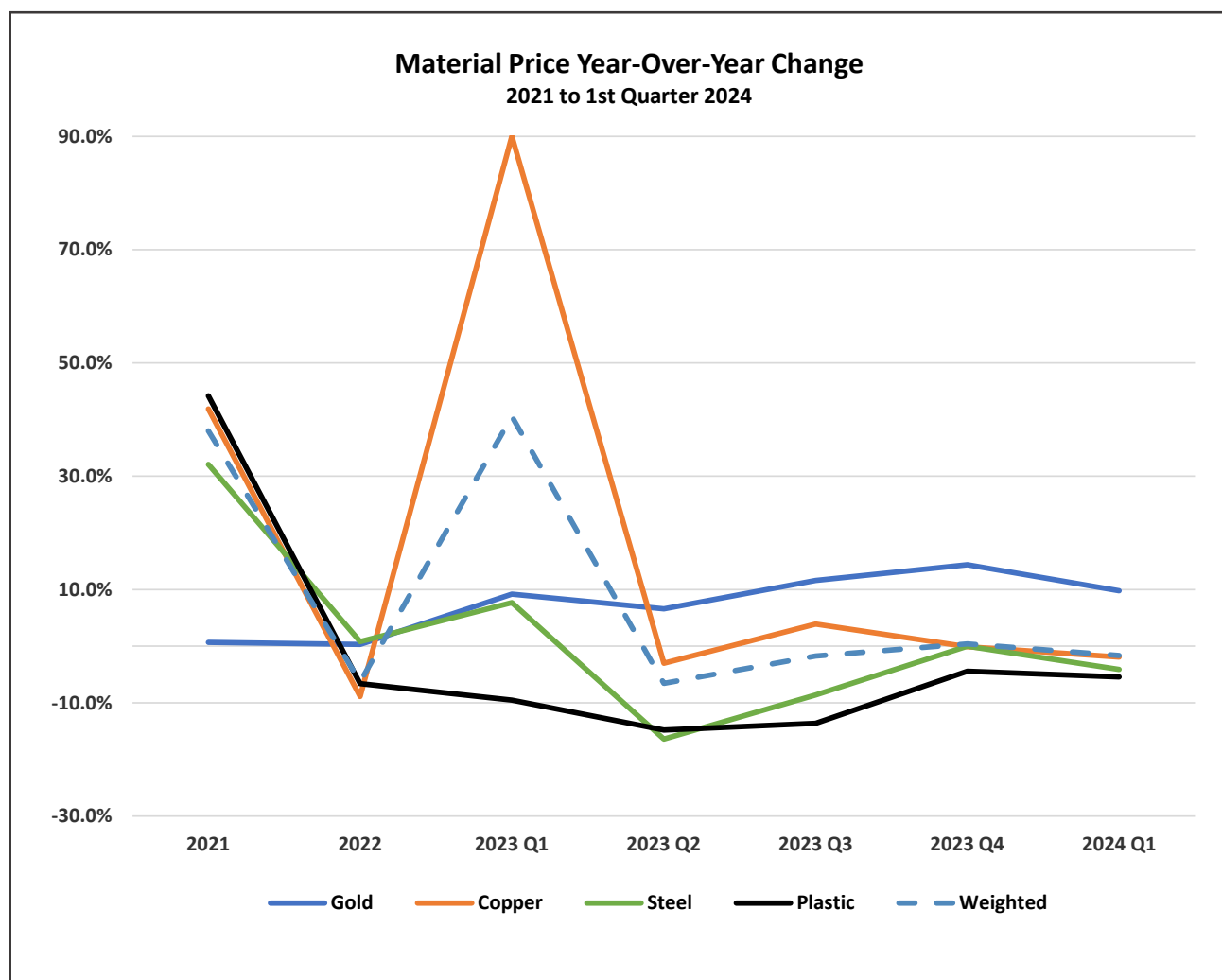


Raw Materials Costs Are Stable

Connectors are composed of four primary raw materials, gold, copper, steel, and thermoplastic/plastic. During the fourth quarter of 2023, prices on these key materials used in connectors increased +2.5% year-over-year (YOY) and increased 0.4% quarter-over-quarter (QoQ) or sequentially. For the first quarter of 2024, prices of these materials declined -0.4%, basically eliminating all 2023's fourth quarter gain.

The following chart shows the YOY change in the cost of these primary materials over 2021, 2022, the four quarters of 2023 and the first quarter of 2024.



The following tables shows the year-over-year change in 4Q2023 and 1Q2024 for each material.

In 4Q2023, the price of gold was the biggest driver of the overall increase. Although it only represents approximately 13.3% of the total value of a connector, the +14.4% increase in the quarter represented a weighted increase of 1.9%. The price of thermoplastics did decline by -4.4% during the quarter, but the decline was not sufficient to counter the price increase of gold. Surprisingly, the price of steel, which represents approximately 6.7% of the total value of a connector remained flat during the quarter, while copper/brass declined a mere -0.1%. The overall weighted decrease was up +0.4% for all materials in the fourth quarter.

**Change in Material Costs
Year-over-Year 4Q2023**

Material	4Q23 YOY	Usage Weight	4Q23 Weighted
Gold	14.4%	13.3%	1.9%
Copper/Brass	-0.1%	46.7%	0.0%
Steel	0.0%	6.7%	0.0%
Thermoplastics	-4.4%	33.3%	-1.5%
Total Change	2.5%	100.0%	0.4%

In the first quarter of 2024, once again gold represented the greatest year-over-year increase. Unlike the fourth quarter of 2023 though, the decline in plastics and the fact that plastics represent a significantly larger percentage of a connector's overall composition was sufficient enough to bring the weighted price of plastics down -1.8% erasing the weighted 1.3% increase represented by gold. During the first quarter of 2024, copper and steel both declined, dropping -1.9% and -4.1% respectively. The overall weighted price of raw materials in the first quarter of 2024 decreased -1.7%.

**Change in Material Costs
Year-over-Year 1Q2024**

Material	1Q24 YOY	Usage Weight	1Q24 Weighted
Gold	9.8%	13.3%	1.3%
Copper/Brass	-1.9%	46.7%	-0.9%
Steel	-4.1%	6.7%	-0.3%
Thermoplastics	-5.4%	33.3%	-1.8%
Total Change	-0.4%	100.0%	-1.7%

On a quarter-over-quarter basis (3Q22 to 4Q23), material costs increased +0.7%, with gold up +2.6% during the quarter. The weighted total cost for connectors on a sequential basis increased +0.2%. It is interesting to note that from a weighted standpoint, prices for copper/brass and steel remained flat during the quarter. All material costs increased QoQ except for thermoplastics, which decreased -0.5%, with gold increasing the most from 3Q23.

**Change in Material Costs
Quarter-over-Quarter
4Q2023 over 3Q2023**

Material	4Q23	4Q23
	QOQ	Weighted
Gold	2.6%	0.3%
Copper/Brass	0.0%	0.0%
Steel	0.7%	0.0%
Thermoplastics	-0.5%	-0.2%
Total Change	0.7%	0.2%

Reviewing first quarter 2024 (1Q2024) to fourth quarter 2023 (4Q2023), we see material costs increased +2.5% sequentially, with gold leading the increase at +4.8%, followed by copper/brass at +3.5%. The weighted total cost for connectors on a sequential basis was +2.7%. This is up significantly from the weighted total change of +0.2% for 4Q2023 versus 3Q2023.

**Change in Material Costs
Quarter-over-Quarter
1Q2024 over 4Q2023**

Material	1Q24	1Q24
	QOQ	Weighted
Gold	4.8%	0.6%
Copper/Brass	3.5%	1.6%
Steel	0.2%	0.0%
Thermoplastics	1.3%	0.4%
Total Change	2.5%	2.7%

If we examine 2023 from a year-to-date perspective, as the chart below shows, in 2023 raw material price increased +4.1% with gold leading the way with a year-to-date increase of +18.1% followed by copper/brass with an increase of +14.3%. From a weighted perspective, copper/brass saw the greatest increase at +6.7%, followed by gold at +2.4%. Steel and plastic both decreased, with plastics decreasing the most at -3.6%.

**Change in Material Costs
Year-to-Date
2023**

Material	4Q23 YTD	Usage Weight	4Q23 Weighted
Gold	18.1%	13.3%	2.4%
Copper/Brass	14.3%	46.7%	6.7%
Steel	-5.2%	6.7%	-0.3%
Thermoplastics	-10.7%	33.3%	-3.6%
Total Change	4.1%	100.0%	5.2%

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 continue into 2024. Although material costs will continue to be a key driver in connector prices, wages and manufacturing overhead will remain an important factor, particularly in regions like North America where effective January of 2024, almost 50% of all states increased their minimum hourly wage. This increase in wages, coupled with continued increases in energy prices, which effective not only transportation costs but also plant overhead and manufacturing costs will have an increasing effect on connector prices.