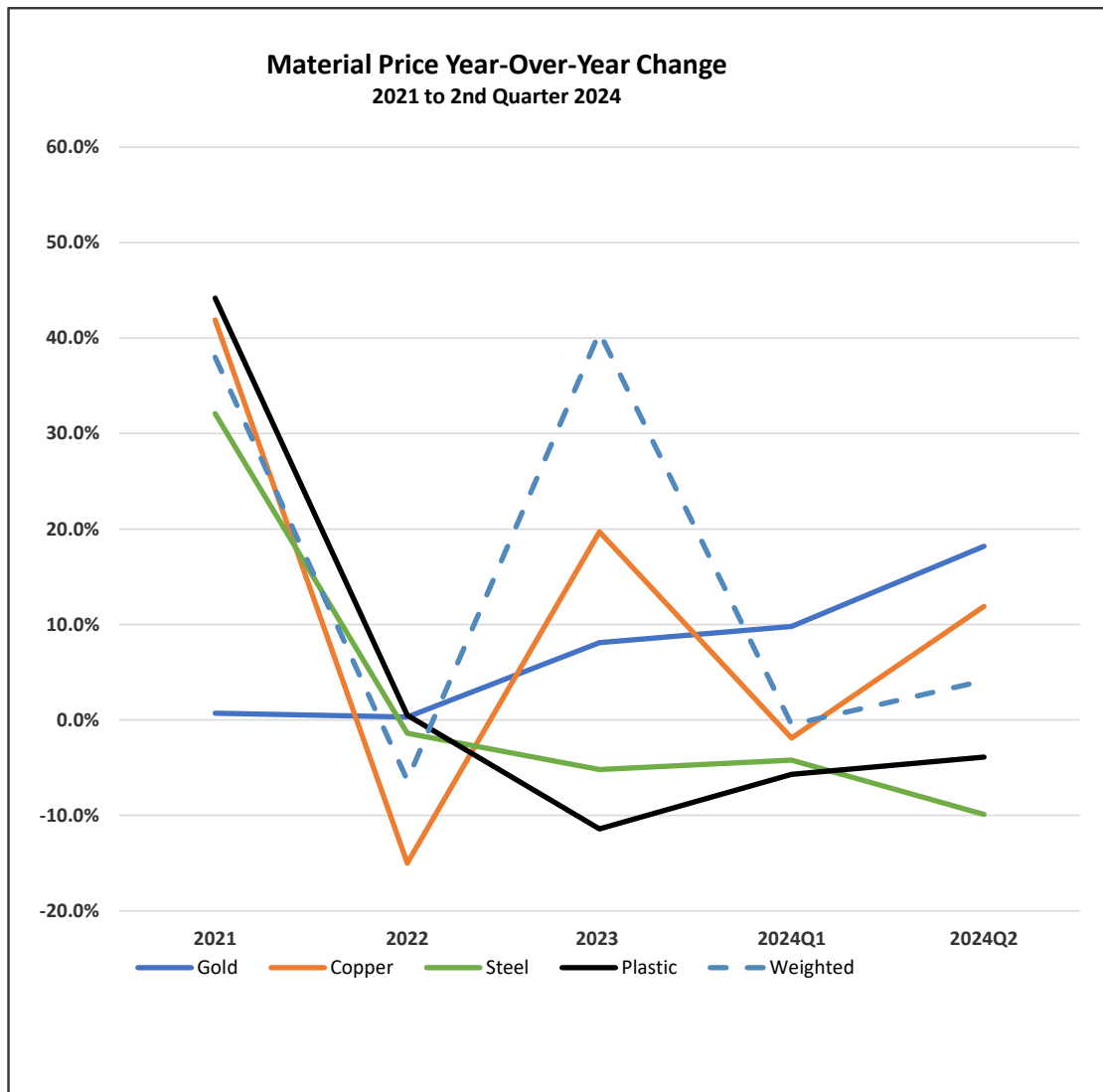


Raw Material Prices Decreased Year-over-Year -0.5% in 1Q2024, But Increased +4.1% in 2Q2024

Connectors are composed of four primary raw materials, gold, copper, steel, and thermoplastic/plastic. During the first quarter of 2024, prices on these key materials used in connectors decreased -0.5% year-over-year (YOY) and increased 2.4% quarter-over-quarter (QoQ) or sequentially. For the second quarter of 2024, prices of these materials increased +4.1%.

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



The following tables show the year-over-year change in 1Q2024 and 2Q2024 for each material.

In 1Q2024, the price of steel and thermoplastics was the biggest driver of the overall decrease in material pricing. Representing 33.3% of the total value of a connector, the price of thermoplastics was the greatest driver of this decrease. Steel, which also decreased in the first quarter, because of its low weighted value, provided very little change in material costs. Although the price of gold was up almost 10% year-over-year, because it only represents approximately 13.3% of the total value of a connector, the +9.8% increase in the quarter represented a weighted increase of only 1.3%. Like steel, the decline in the price of copper/brass was not sufficient to make a major difference in the weight value. The overall weighted decrease was -1.8% for all materials in the first quarter of 2024.

**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 | -4.2% | 6.7% | -0.3% |
| Thermoplastics | -5.7% | 33.3% | -1.9% |
| Total Change | -0.5% | 100.0% | -1.8% |

In the second quarter of 2024, the price of copper/brass was the greatest driver of the overall increase in materials cost. Representing 46.7% of the weighted usage, the 11.9% increase in the price of copper/brass initiated a weighted price increase of 5.6%. The price increase in copper/brass was followed by the increase in the price of gold, which increased 18.2% year-over-year in the second quarter, and a weighted increase of 2.4%. Although like the first quarter, the price of steel showed the greatest decrease, but because of its weighted value of only 6.7%, only caused a weighted decrease of -0.7%. In addition to steel, the price of thermoplastics also decreased in the second quarter. The overall weighted price of raw materials in the second quarter of 2024 increased 6.0%.

**Change in Material Costs
Year-over-Year 2Q2024**

| Material | 2Q24 YOY | Usage Weight | 2Q24 Weighted |
|---------------------|-------------|-----------------|------------------|
| Gold | 18.2% | 13.3% | 2.4% |
| Copper/Brass | 11.9% | 46.7% | 5.6% |
| Steel | -9.9% | 6.7% | -0.7% |
| Thermoplastics | -3.9% | 33.3% | -1.3% |
| Total Change | 4.1% | 100.0% | 6.0% |

On a quarter-over-quarter basis (4Q23 to 1Q24), material costs increased +2.4%, with gold up +4.8% during the quarter. The weighted total cost for connectors on a sequential basis increased +2.6%. It is interesting to note that from a weighted standpoint, prices for copper/brass remained flat during the quarter and thermoplastics increased only 0.3%. All material costs increased QoQ with gold increasing the most from 4Q23.

**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 | 1.0% | 0.3% |
| Total Change | 2.4% | 2.6% |

Comparing second quarter 2024 (2Q2024) to first quarter 2024 (1Q2024), we see material costs increased +4.9% sequentially, with gold leading the increase at +12.7%, followed by copper/brass at +11.9%. The weighted total cost for connectors on a sequential basis was +7.0%. This is up significantly from the weighted total change of +2.6% for 1Q2024 versus 2Q2024.

**Change in Material Costs
Quarter-over-Quarter
2Q2024 over 1Q2024**

| Material | 2Q24 | 2Q24 |
|---------------------|-------------|-------------|
| | QOQ | Weighted |
| Gold | 12.7% | 1.7% |
| Copper/Brass | 11.9% | 5.6% |
| Steel | -5.5% | -0.4% |
| Thermoplastics | 0.4% | 0.1% |
| Total Change | 4.9% | 7.0% |

If we examine 1Q2024 and 2Q2024 from a year-to-date perspective, as the charts below shows in 1Q2024 total raw material price decreased -0.5% with gold the only material showing a year-to-date increase of +9.8% in the first quarter. The price of all other materials declined in the first quarter, with thermoplastics showing the greatest decline at -5.7%. In 2Q2024, gold once again showed the greatest price increase, increasing 14.2%, but unlike the first quarter where copper/brass declined, in 2Q2024 copper/brass increased 3.5%. Overall, in the second quarter of 2024, prices increased 1.5% year-to-date.

**Change in Material Costs
Year-to-Date
1Q2024**

| Material | 1Q24 YTD | Usage Weight | 1Q24 Weighted |
|---------------------|--------------|-----------------|------------------|
| Gold | 9.8% | 13.3% | 1.3% |
| Copper/Brass | -1.9% | 46.7% | -0.9% |
| Steel | -4.2% | 6.7% | -0.3% |
| Thermoplastics | -5.7% | 33.3% | -1.9% |
| Total Change | -0.5% | 100.0% | -1.8% |

**Change in Material Costs
Year-to-Date
2Q2024**

| Material | 2Q24 YTD | Usage Weight | 1Q24 Weighted |
|---------------------|-------------|-----------------|------------------|
| Gold | 14.2% | 13.3% | 1.9% |
| Copper/Brass | 3.5% | 46.7% | 1.6% |
| Steel | -7.1% | 6.7% | -0.5% |
| Thermoplastics | -4.8% | 33.3% | -1.6% |
| Total Change | 1.5% | 100.0% | 1.5% |

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, including shipping costs, will remain an important factor. This increase in wages, coupled with continued increases in energy prices, which affect not only transportation costs but also plant overhead and manufacturing costs, will have an increasing effect on connector prices. One additional factor that may affect manufacturing costs will be interest rates. As interest rates rise, the cost of financing grows higher, which means manufacturers will have to spend more to expand operations.