

Raw Material Costs Increased 5.3% YOY in 1Q25

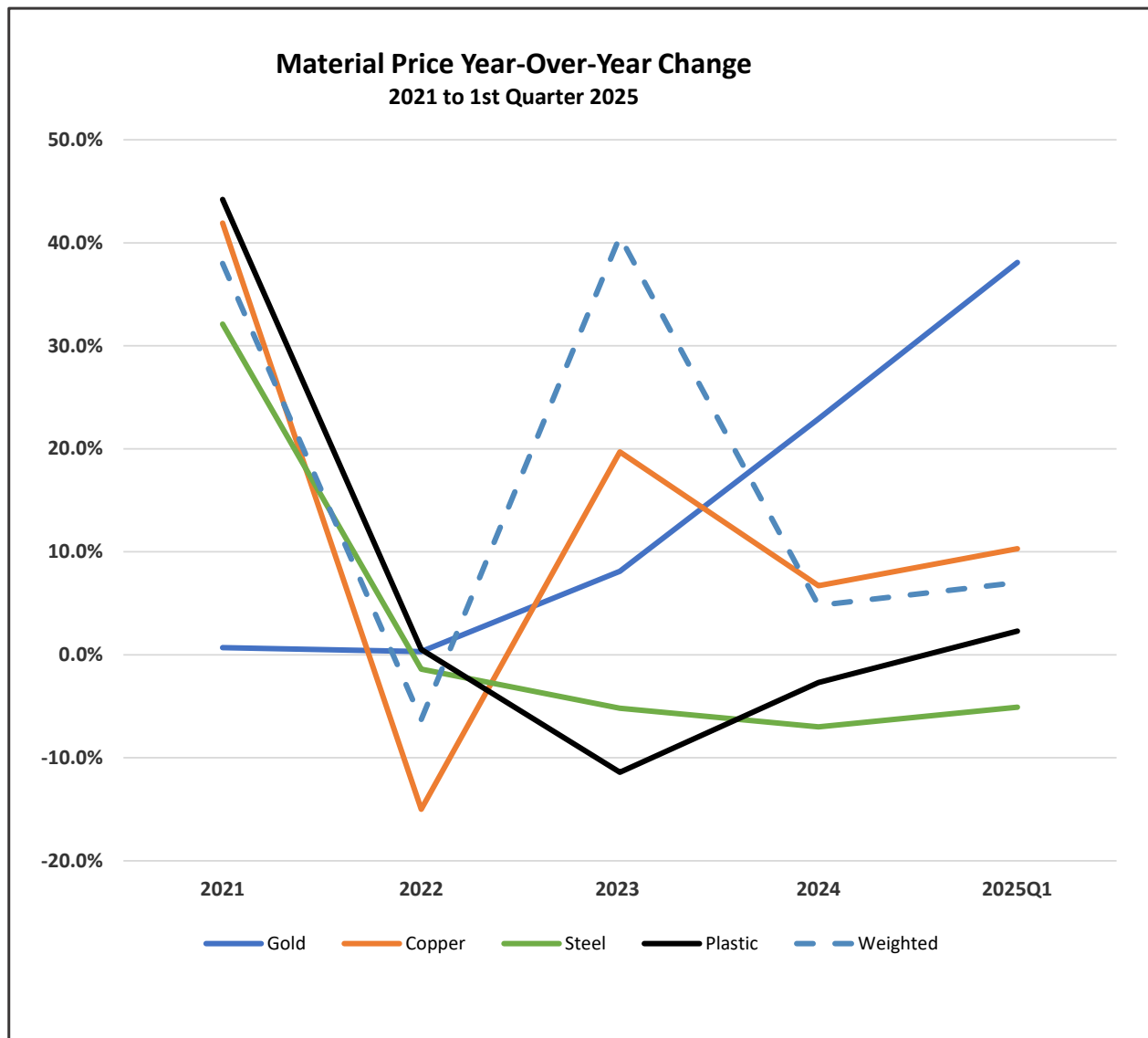
The price of essentially every product including energy, food, building supplies, white goods, vehicles, and electronics were affected by inflation in 2024. The primary raw materials in the manufacture of connectors are gold, copper/brass, steel, and thermoplastics. These items account for roughly 75% of raw material costs.

The following table shows the year-over-year change in 1Q25 for each material. Gold, which took a monumental leap in price during the second half of 2024, continued to climb, increasing +38.1% YOY in 1Q2025. This is like the spike gold took in 3Q24 and 4Q24, climbing +28.4% and +34.6% respectively YOY. Copper/brass increased +10.3% in 1Q2025, and thermoplastics increased +2.3%. The only material decreasing was steel, which declined -5.1% in 1Q25. Overall, the weighted increase was +10.3% for all materials in the first quarter. This is higher than the weighted increases in 3Q24 and 4Q24.

Change in Material Cost 1Q2025 Year-Over-Year

Material	1Q25 YOY	Usage Weight	1Q25 Weighted
Gold	38.1%	13.3%	5.1%
Copper/Brass	10.3%	46.7%	4.8%
Steel	-5.1%	6.7%	-0.3%
Thermoplastics	2.3%	33.3%	0.8%
Total Change	11.4%	100.0%	10.3%

The following chart shows the YOY change in the cost of these materials over the last four years and the first quarter of 2025.



On a sequential or quarter-over-quarter (QOQ) basis, material costs increased +4.7% when comparing 4Q2024 with 1Q2025. The weighted total cost for connectors on a sequential basis increased +3.2% in the first quarter of 2025.

Change in Material Cost Quarter-Over-Quarter

Material	1Q25 QOQ	1Q25 Weighted
Gold	7.5%	1.0%
Copper/Brass	1.0%	0.5%
Steel	6.6%	0.4%
Thermoplastics	3.9%	1.3%
Total Change	4.7%	3.2%

If we examine 1Q2025 from a year-to-date perspective, as the chart below shows, total raw materials increased +7.9% year-to-date, with the greatest increase seen in gold, where prices increased a strong +29.9%. Although steel and thermoplastics both showed a year-to-date decrease of -8.9% and -0.5% respectively, because their usage weight accounted for a smaller percentage of the total cost, they did not affect the overall change in materials costs. From a weighted perspective, 1Q2025 prices increased +8.4% with gold exhibiting a weight increase of +4.0% and copper/brass a weighted increase of 5.1%.

**Change in Material Costs
Year-to-Date
1Q2025**

Material	1Q25 YTD	Usage Weight	1Q25 Weighted
Gold	29.9%	13.3%	4.0%
Copper/Brass	11.0%	46.7%	5.1%
Steel	-8.9%	6.7%	-0.6%
Thermoplastics	-0.5%	33.3%	-0.2%
Total Change	7.9%	100.0%	8.4%

Bishop Comments

This early in the year, and with the status of tariffs still unsettled, it is very difficult to determine how much raw materials will increase or decrease in 2025. It does appear that based on the fact when you look at the historical price of gold over the last several years, and realize it rarely decreases, and even when it does the percentage is miniscule, that the price of gold will be a key factor in the price of connectors. This in turn may prompt manufacturers to seek other alternatives to gold or find ways to reduce the amount of gold utilized.

Based on the information we have today, Bishop believes 2025 raw material prices will increase modestly, probably in the 5% to 8% range. It is important to note that this modest price increase does not consider any raw material pricing instabilities that may occur due to the implementation of tariffs or other government regulations.