

Raw Material Costs Increased 12.3% YOY in 4Q25 For a Full Year 2025 Increase of 8.6%

In 2025, the price of virtually everything, from energy to food, building supplies, white goods, vehicles, and electronics have been affected by political turmoil and war, inflation or the potential of hefty tariffs. Up until March of 2026, the exception to this was the decline in crude oil prices in 2025. Unfortunately, as the US and other countries declared war on Iran in late February of 2026, the price of crude oil too has risen, which is important because crude oil is the primary source used for producing thermoplastics, which along with gold, copper/brass, and steel account for roughly 75% of the raw material costs of connectors.

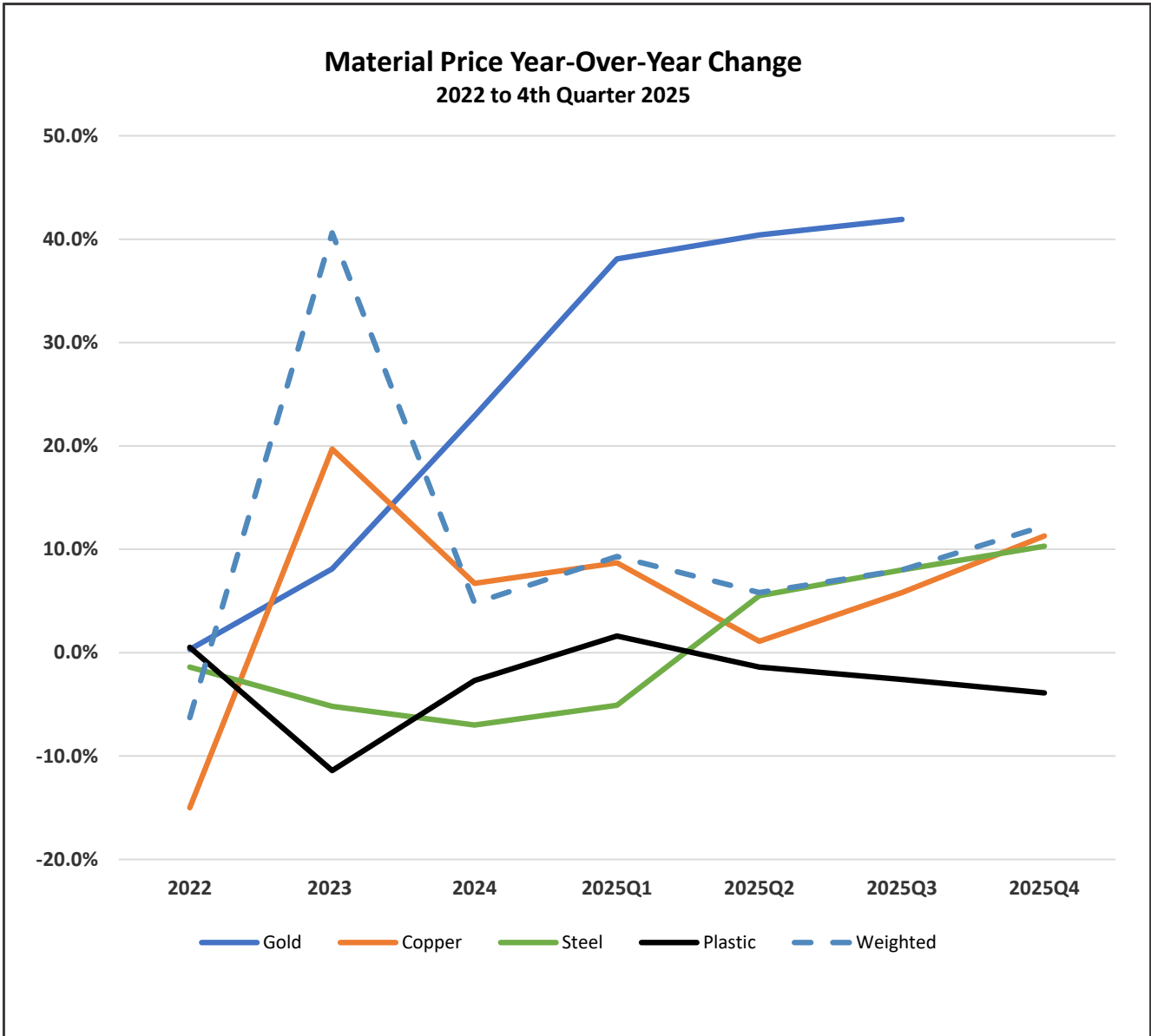
The following table shows the year-over-year change in 4Q25 for each material. Gold, which took a monumental leap in price during the second half of 2024, continued to climb from a +39.4% increase in the first quarter of 2025 to a +40.2% increase in the second quarter, to a +41.9% increase in the third quarter, to an astonishing +57.0% increase in the fourth quarter. This means that in 2025, gold had a year-over-year increase of +45.1%, almost double the year-over-year increase of +22.9% in 2024. Although all other materials except thermoplastics, where year-over-year pricing declined -1.3%, also showed a year-over-year increase in 2025, the increase in gold is by far the largest influence in year-over-year pricing of raw materials used in the manufacturing of connectors.

Change in Material Cost 4Q2025 Year-Over-Year

Material	4Q25 YOY	Usage Weight	4Q25 Weighted
Gold	57.0%	13.3%	7.6%
Copper/Brass	11.3%	46.7%	5.3%
Steel	10.3%	6.7%	0.7%
Thermoplastics	-3.9%	33.3%	-1.3%
Total Change	18.7%	100.0%	12.3%

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The following chart shows the YOY change in the cost of these materials over the last three years and for all four quarters of 2025.



On a sequential or quarter-over-quarter (QOQ) basis, material costs increased +6.5% when comparing 3Q2025 with 4Q2025. The weighted total cost for connectors on a sequential basis also increased +5.7% in the fourth quarter of 2025.

Change in Material Cost Quarter-Over-Quarter

Material	4Q25	4Q25
	QOQ	Weighted
Gold	19.0%	2.5%
Copper/Brass	8.4%	3.9%
Steel	1.1%	0.1%
Thermoplastics	-2.5%	-0.8%
Total Change	6.5%	5.7%

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If we examine 4Q2025 from a year-to-date perspective, as the chart below shows, total raw materials increased +13.4% year-to-date, with the greatest increase, as would be expected, seen in gold, where prices increased a strong +45.1%. This strong increase, coupled with the increase of +6.6% in copper/brass and +4.4% in steel were the force behind any year-to-date increase in material costs in the fourth quarter of 2025. From a weighted perspective, 4Q2025 prices increased +8.5% with gold exhibiting a weighted increase of +6.0% and copper/brass a weighted increase of +3.1%.

**Change in Material Costs
Year-to-Date
4Q2025**

Material	4Q25 YTD	Usage Weight	4Q25 Weighted
Gold	45.1%	13.3%	6.0%
Copper/Brass	6.6%	46.7%	3.1%
Steel	4.4%	6.7%	0.3%
Thermoplastics	-2.7%	33.3%	-0.9%
Total Change	13.4%	100.0%	8.5%

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Reviewing these components from a full-year perspective, as seen in the next table, average material costs increased +12.9% for full-year 2025 and +8.6% on a weighted basis. This is substantially higher than 2024's full-year results when average material costs increased +5.0% year-over-year, and +4.8% from a weighted perspective. As expected, the greatest influence in this more than double year-over-year increase is the increase in the price of gold and a much smaller decline in thermoplastics.

**Change in Material Cost
Full Year 2024**

Material	2025 YOY	Usage Weight	2025 Weighted
Gold	45.1%	13.3%	6.0%
Copper/Brass	6.2%	46.7%	2.9%
Steel	1.7%	6.7%	0.1%
Thermoplastics	-1.3%	33.3%	-0.4%
Total Change	12.9%	100.0%	8.6%

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Bishop Comments

Bishop continues to maintain that if a high level of geopolitical uncertainty remains, price volatility of many raw materials and especially of precious metals like gold, becomes a key contributing factor of fluctuating material costs. Although we have not seen a strong indication of this, from a connector booking or billing perspective, presently Bishop, like many economists agree on the fact that a prolonged conflict could potentially trigger a significant global economic downturn, continued rising prices of crude oil, and even the

possibility of a recession. Other things like trade policies spurred by environmental regulations, and environmental factors caused by droughts, floods or other natural disasters will also play a role in raw material prices. And, not to be overlooked, is the importance of economic factors such as inflation, labor shortages, market speculation, and technological advancements. Considering the vast number and variety of factors that can affect raw material prices, it is not surprising that Bishop finds it extremely difficult to determine how much a specific raw material will increase or decrease over a specific period. We will state that although impossible to pinpoint a future price, it is important to remember historically the price of gold rarely decreases, and that the price of gold will continue to play a major factor in overall connector prices, driving connector manufacturers to develop alternative materials to replace gold in specific applications, reducing the industries' reliance on the precious metal.

Based on the information we have today, Bishop believes raw material prices will increase moderately, probably in the 5% to 15% range, driven strongly by how high gold prices will reach and how high crude oil per barrel gets. It is important to note that this price increase does not consider any raw material pricing instabilities that may occur that have not been discussed or mentioned in the previous paragraph.