July 29th 2026

Dear valued customer,

We are writing to inform you of an adjustment to our prices, effective September 1st, 2026, and to explain openly the reasoning behind it.

Over the past year, the cost of key raw materials used in our products has risen significantly, most notably tungsten carbide, which is central to what we manufacture. Faced with this, we made a deliberate choice. In our two earlier adjustments, on January 1st and April 1st, we did not pass the full increase on to you. We absorbed a substantial portion of the rising costs ourselves, because we value the stability and long-term nature of our partnership and did not want short-term market pressure to disrupt it.

That approach was the right one at the time, and we would make the same decision again. It is, however, no longer sustainable for us to continue carrying that gap. This adjustment brings our prices back into line with costs we have already incurred, recovering the portion we previously absorbed rather than reflecting any new rise.

Raw material costs remain the primary driver of our pricing, and we monitor them continuously. We recognize that prices, including tungsten carbide, have held steady over the past few weeks. That stability is welcome, and we genuinely hope it continues. Should raw material costs decline, we are fully prepared to revisit our pricing and adjust it in your favor. Equally, should they rise further, we may need to adjust again. Our commitment is to price fairly and in line with actual costs, in both directions.

The adjustment by product category is set out below:

Given the current situation, Vargus will not accept stock or blanket orders placed ahead of the price adjustment date. Orders should reflect genuine near-term requirements in line with normal ordering patterns.

We also recognize that this notice is shorter than we would normally wish to give. The situation is still fast-moving, and it requires us to act in the near term rather than over an extended period. We ask for your understanding as we manage these conditions, and we remain committed to keeping you informed as matters develop.

Thank you for your continued trust and business.

With best regards,

Avi Cohen
CEO
Vargus Ltd.