



GENERAL TERMS AND CONDITIONS OF TENDER AND CONTRACTING

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1. This document

The General Terms and Conditions of Tender and Contracting of HÉFAL Ltd., referred to as the Client, identify any natural or legal person with an official, registered tax number in any country who submits a tender request to HÉFAL Ltd.

The requirements outlined in this document are attached by HÉFAL Ltd. to every tender (either in printed form attached to the tender, in electronic file format attached to the tender, or with a reference to the website indicated in the tender), and these provisions constitute part of the individual price quotations in all cases.

2. Conditions for Tendering and Manufacturing

The client, by placing an order for initial sampling and/or serial production, accepts that HÉFAL Ltd. is not burdened with any responsibility arising from the perceived liability of the client regarding the expected final product and the content of the quotation, discrepancies in feasibility, and the end result of production. If, by the time of initiating initial sampling or in its absence, the start of serial production, the client does not provide the product or the requirements related to the product and its associated services by filling out the "Customer Requirements" document sent to them, the responsibility lies with the client.

In general, HÉFAL Ltd. always relies on properly dimensioned 2D technical drawings marked with the expected tolerances for order fulfillment since this documentation should contain all information related to production.

If information necessary for production is not available in the expected 2D technical drawing and the "Customer Requirements" document, HÉFAL Ltd. technicians/engineers will create a drawing based on the available data (3D files, sample parts) and send it to the client for approval. The client has the opportunity to approve this drawing within 7 calendar days before the start of production. Failure to do so will result in the client bearing the responsibility for any discrepancies between the expected and manufactured parts. The client can decide to delay the start of production (approximately 3-4 weeks) in case of non-approval. In case of modification requests, the previously manufactured parts will be settled at the initial sampling production cost, and re-sampling will be required. The cost of technical drawing preparation per part is net 45,000.0 HUF, and it will be listed separately as "Engineering Activity" in the billing of the first products.

If tolerance is not specified in the technical documentation, ISO2768-mK standard is applied, with the exception of machining with a bending machine, where the tolerances are as follows: X: +/-1mm; Y: +/-0.5mm; Z: +/-1mm per section.

For every manufacturing quotation, we examine whether the requested machining tools (e.g., bending, cutting, or forming tools) are available. If the client's documentation indicates matching tool numbering, we offer to use it for product manufacturing free of charge.

If the matching tool is not available, we propose the use of the nearest available tool as an alternative. In case the client accepts the use of an alternative tool, it is the client's responsibility to create new, dimensioned drawings/documentation. However, the client can request HÉFAL Ltd. to perform this task for an additional fee.

At the same time, we provide a quote for manufacturing the tool that meets the client's expectations. For bending tools, the production time is 16-18 weeks, and the full cost is to be prepaid!

The client must provide in writing the expectations related to the identification of purchased tools, which HÉFAL Ltd. will verify and issue a storage declaration for the client.

HÉFAL Ltd. declares that only the successful sampling process guarantees actual feasibility, and this responsibility cannot be assumed in advance. To ensure technical feasibility, we reserve the right to change the current quotation, and the client may be charged for this.

The prices listed in any quotation are net prices and apply only to the specified quantity! Deviation from the quantity specified in the quotation is possible only in the following cases and manner:

The prices in the quotation always include the price changes resulting from the smallest quantity changes (MOQ*100%-75%-50%-25%) for unique products.

*MOQ - Minimum Order Quantity.


For quotations issued using the MULTICALC system (*multiple products in one quotation*), following a change in the series production MOQ, the corresponding price change must be followed each time, and billing will be done accordingly:

MOQ=100% > unit price stated in the quotation
75%<MOQ<100% > unit price stated in the quotation + 30%
50%<MOQ<75% > unit price stated in the quotation + 60%
25%<MOQ<50% > unit price stated in the quotation + 90%

If the ordered quantity is lower than 25% of the MOQ, the quantity must be raised to 25%, but if it cannot be increased, HÉFAL Ltd. is entitled to invoice the quantity at the initial sampling unit price!

In the case of an accepted quotation and order, the offered unit price is valid for a maximum of 1 year or until the entire quantity specified in the quotation is called. If the called quantity reaches the quantity specified in the quotation, HÉFAL Ltd. will prepare a new quotation.

In the event of a raw material price increase exceeding 5%, or an energy price increase, we will immediately notify of the price change and prepare a new, updated quotation!

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A raw material price increase will be immediately charged to the client in cases where, due to the lack of an annual order, raw materials need to be ordered in installments, and a uniform raw material price for the entire production quantity cannot be ensured. Our quotation does not include packaging costs, logistical, and cleaning costs unless explicitly requested, which will be invoiced separately.

3. Modification of Quotation and Manufacturing Conditions

HÉFAL Ltd. considers its written quotation invalid or can modify it, meaning it can prepare a new quotation, in the following cases:

If the information, documents, drawings, or 3D files provided by the client do not contain all the necessary information for the client's incoming goods inspection during the final product supply, and the client deems the supplied components unsuitable based on these, HÉFAL Ltd. is not responsible in such cases.

If the information provided by the client (*documents, files, and sample workpiece(s)*) is demonstrably inconsistent or contradictory. In such cases, it is the client's obligation to determine, by the time of initiating initial sampling or serial production, which data source's information should be considered during manufacturing (*technical drawing, 3D file, or sample component*). If the lack of information jeopardizes the manufacturing deadline, HÉFAL Ltd. may stop and remove the component manufacturing from its production schedule, delaying completion by approximately 3-4 weeks.

In such cases, HÉFAL Ltd. is not liable for any delays in fulfillment,

- If the client decides during the initial sampling or serial production (*even after partial delivery*) that they want the final component with parameters different from the original documentation (*2D technical drawing*), HÉFAL Ltd. is not responsible for any discrepancies in the already manufactured components.
- If the client fails to communicate important information in the quotation request or the sent "Customer Requirements" document that influences the manufacturability of the product, manufacturing technology, raw material procurement costs, inspection methods, packaging processes, and later discloses this information to HÉFAL Ltd.
- If different machining processes need to be applied than those specified in the original quotation (*part modification request, material change, cycle time change, inserted, supplementary, or modified machining process steps, etc.*).
- If the product manufactured according to the original approved parameters meets the original approved parameters, but the client requests modifications during initial sampling or serial production.
- If the client requests modifications to the originally ordered component, each such modification is considered initial sampling, and the cost is borne by the client, irrespective of whether HÉFAL Ltd. sends prior notification.
- If the client intends to supply the raw material required for machining, and it has properties deviating from the originally specified material.
- If the client intends to supply the raw material required for machining, disregarding HÉFAL's recommendation, i.e., for laser machining, delivering "S" structural steel quality instead of "E" precision material, or for bending machining, delivering "S" structural steel quality instead of "E" precision material.
- If the client intends to supply the raw material required for machining, and the condition of the material strands (*even if it is rusted, curved, or "sword-like" even in "E" quality*) and/or the quality is inadequate. In such cases, HÉFAL Ltd. will immediately inform the client of the detected discrepancies during delivery and/or production (*faulty material inside the stack*)! In such cases, HÉFAL Ltd. does not assume responsibility for the increased reject rate and may suggest a replacement material designation.
- In the event that the actual selling price differs from the quoted price if the client, for order fulfillment, does not provide materials, information, e.g., packaging material, to HÉFAL Ltd. as agreed upon during the quotation, causing additional costs to HÉFAL Ltd., the actual selling price may deviate from the quoted price.
- If there is an annual deviation of more than -10% from the ordered quantity specified in the quotation request.
- If the entire quantity specified in the quotation is not called off according to the schedule, from the 2nd week following the expiration of the final delivery time (*but max. 3 months for inactive order stock*), we may invoice 20% of the remaining quantity at the INITIAL SAMPLING PRICE!
- If the quality requirements for the product are not clearly defined or change.
- If significant, cost-incurring changes are made to the technical documentation or drawings.
- If the shipping or packaging method differs from the content of the quotation.
- If the client expects higher inventory levels than previously indicated.
- If, at the time of issuing the quotation, the material prices were at least 5% lower than on the order date.
- If the client orders the product with technical data different from the quotation.
- If the client orders with a deadline or schedule different from the validity period in the quotation.
- If the order arrives beyond the validity period specified in the quotation, except with the written permission of HÉFAL Ltd.


4. Rules and Other Provisions Regarding Production and Delivery

In the case of bending, wrinkling occurring on the inner surface of the bend can only be excluded if CLR* = min1.5d bending radius is used, and specifically, when a MANDREL and WRINKLE-REMOVER tailored to the product's material are used! The cost of this is a net 2,000.0EUR, which must be pre-ordered and paid for; by default, the tooling cost does not include it! Acquiring this is not mandatory, but in its absence, we cannot assume responsibility in case of wrinkling!

*CLR – Central Line Radius (*bending radius measured at the center of the tube*)

In cases where, during sampling or serial production, it is discovered that the material behaves inadequately, we propose a substitute material change. If rejected, HÉFAL Ltd. does not take responsibility for bending wrinkles, fractures, or breakages due to the quality or physical properties of the material; there is no obligation for accounting for increased rejects in such cases. In these situations, HÉFAL Ltd. may provide a new quotation, taking into account the increased reject rate.

If the quotation does not specifically mention the place of delivery, the product will be handed over at the current location of HÉFAL Ltd. in Budapest.

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If the client does not specify packaging requirements or unit quantity, HÉFAL Ltd. may, at its discretion, decide – informing the client in writing at the time of the order – on the packaging unit quantity, which may modify the delivered quantity of the ordered goods.

If the material supplied by the client needs to be inspected and/or surface-treated because the bidder did not perform this, the cost (45EUR/hour) will be invoiced to the client. This includes the inspection of a minimum of 30 strands of 6000mm or 60 strands of 3000mm per hour. The material stack weight should never exceed 1200kg.

To ensure the availability of raw materials and maintain the annual price specified in the quotation, HÉFAL Ltd. is obligated to provide raw materials for a period of 1 year in such a way that, upon ordering (*whether partial or full quantity order*), it reserves and orders the raw material required for the annual production quantity, taking into account the call-off/delivery schedule specified in the quotation.

If the partner's call-offs/orders do not reach the intensity and quantity specified in the quotation, then HÉFAL Ltd. is entitled, in the last week of every quarter, to invoice the remaining raw material and pre-manufactured finished product according to the original schedule to the Client.

If, for any reason, the project or orders come to a halt (*no orders are received, the client signals or fails to signal future omissions/absences*), and timely orders/call-offs are lacking, HÉFAL Ltd. is entitled to invoice the full quantity of the reserved raw material purchase price in one sum, at the earliest in the week when this information becomes known but no later than the last week of the month following the last order. HÉFAL Ltd. is also entitled to invoice the material cost at a different time (*e.g., later*). Invoices for reserved, ordered, delivered, or undelivered materials by HÉFAL Ltd. to the client must be issued by the end of the calendar year, for which more than three months have passed since the order was placed! This cost is supplemented by the storage cost of the raw material and manufactured finished product, which is 20.0EUR/square meter/month, net.

In such cases, HÉFAL Ltd. can assist in organizing the delivery of invoiced materials, but in principle, this is the responsibility of the client.

HÉFAL Ltd. is entitled to retrospectively charge a quotation fee if, due to the client's error, inappropriate information was provided to HÉFAL Ltd., causing economic damage to HÉFAL Ltd.

In case of delayed payment, we will charge a quarterly debt management fee of 40.0EUR on each invoice, plus an annual 25% interest on the days falling under the delay period!

The Parties acknowledge that they are aware of the provisions of Act LVII of 1996 on the Prohibition of Unfair Commercial Practices and Restriction of Competition, which serves to protect business secrets. The Parties also declare that they are aware of the criminal consequences of violating business secrets (Penal Code 300§).

The parties stipulate that, in legal matters, they specify the exclusive jurisdiction of the Dunakeszi District Court - Budapest Regional Court (2120 Dunakeszi, Fő út 24.).

Deviation from this document is only possible following prior agreement or in the case of concluding an individual contract.

01.01.2024, Budapest

Adrian Ruzsa
CEO
(Horváth és Fia Alkatrészgyártó Kft.)