



PHONOCUT™

PURCHASE AGREEMENT APC-2

Draft, 14 October 2026 | Revision 3 | Contract number [number]

1. Parties

Phonocut Record Company FlexCo, Praterstraße 70, 1020 Vienna, Austria, registered under FN 639123m, VAT number [number], represented by Florian Kaps, hereinafter: **PHONOCUT**.

[**Buyer's name and legal form**], [address, city and country], [register and number], VAT number [number], represented by [name and position], hereinafter: **Buyer**. Buyer purchases in the course of its business.

2. Subject of the sale

PHONOCUT sells Buyer one new APC-2 by teenage engineering as specified in the Annex, including standard components, starter materials, manuals and safety documentation.

3. Price and payment

The fixed machine price is **€ 64,000 excluding VAT**. Delivery, installation and training costs are specified in the Annex.

Payment	Amount	Due
Initial payment	€ 15,000	Within 5 days after both parties sign and Buyer receives a correct invoice

Payment	Amount	Due
Balance	€ 49,000 plus agreed, actual delivery, installation and training costs	Within 5 days after acceptance under Article 4 and receipt of a correct invoice

PHONOCUT schedules delivery after the first payment, subject to the deadline in Article 4. All amounts exclude VAT, invoiced as legally required. Payments are in euro to the bank account on the invoice.

4. Delivery and acceptance

- **Delivery address:** [address and country]
- **Latest date for delivery and installation:** [date]

PHONOCUT arranges transport, installation and training and ensures compliance with product safety requirements in the delivery country. Buyer prepares the workplace specified in the Annex before installation.

Late first payment or an unsuitable workplace extends the deadline only by the resulting delay and reasonable rescheduling time. PHONOCUT promptly confirms the reason and revised date in writing. Extra costs require Buyer's prior written approval.

The parties perform the Annex acceptance test at the end of installation. Following a successful test, Buyer signs acceptance that day. Minor defects not materially impairing use do not prevent acceptance; the parties record them with repair dates. If the test fails, PHONOCUT remedies the defects within 14 days, followed by a retest.

After a successful test, acceptance also occurs five working days after Buyer receives written results unless Buyer reports a material defect in writing with reasons. Testing, training or investigating defects alone is not acceptance. Warranty and hidden-defect rights remain unaffected.

5. Title and risk

Title passes automatically on full payment of the machine price and VAT, free of third-party rights. Until then, Buyer may use the machine but may not sell, pledge or provide it to third parties.

Risk remains with PHONOCUT until acceptance, except for damage attributable to Buyer. From acceptance, Buyer bears the risk and insures the machine while PHONOCUT retains title.

6. Warranty

PHONOCUT warrants materials, workmanship and operation to specification for **12 months from acceptance**. Repairs include parts, labour, travel and transport at no charge. Cover excludes defects caused by normal wear, misuse or unsuitable materials. Statutory remedies remain available, subject to Article 8 for damages.

Report faults to [e-mail and telephone]. PHONOCUT responds substantively within [number] working days, diagnoses remotely first and provides a repair plan, with on-site or return repair as needed. Covered defects are repaired within a reasonable time, subject to Article 4.

7. Use, support and materials

Buyer follows the operating and maintenance manual and uses PHONOCUT materials or materials PHONOCUT approves in writing.

Remote access requires Buyer's consent. Files received remain confidential, are used only for support and deleted within 30 days after case closure, unless longer retention is legally required.

Where legally required, the parties enter into a data processing agreement before PHONOCUT processes personal data on Buyer's behalf.

No periodic minimum purchase applies; the range, prices and order minima are in the Annex. Materials are prepaid after PHONOCUT confirms quantity, delivery date and total price. Non-warranty work and parts require Buyer's written approval of scope and costs.

PHONOCUT keeps support, compatible parts and blanks available for at least **five years from acceptance**, promptly reporting expected interruptions and recovery plans. Replacements must preserve functions and quality without additional equipment purchases; PHONOCUT gives prior notice and compatibility information.

8. Rights and responsibilities

Intellectual property remains with its rights holders. PHONOCUT warrants authority to supply the machine and grant the agreed licences. Buyer may produce and sell records and use PHONOCUT logos non-exclusively to promote its production. Buyer obtains and checks music, recording and artwork rights, including for customer-supplied files.

Buyer handles its customer complaints and is responsible for operating errors, audio processing and finished-record quality, without releasing PHONOCUT from liability for attributable defects in its machine or materials.

PHONOCUT's liability for damages connected with this Agreement and Annex orders is capped at **€ 64,000 in aggregate**, the machine price excluding VAT.

The cap does not apply to warranty repair or replacement, termination refunds and returns, liability for death or personal injury, loss caused by intent or gross negligence of PHONOCUT or its senior management, or liability that cannot legally be limited. Damages otherwise follow Austrian law.

9. Breach and termination

Either party may terminate for material breach, wholly or partly, if not remedied within 14 days after written notice. No cure period applies if performance is permanently impossible or the latest delivery date, extended where applicable under Article 4, has passed.

For the terminated part:

- **PHONOCUT's breach:** PHONOCUT refunds payments including VAT within 14 days; unpaid amounts cease to be due. Buyer makes goods available for collection at PHONOCUT's expense.
- **Buyer's breach:** Buyer returns goods at its expense. Within 14 days after return, or termination if nothing was delivered, PHONOCUT provides an itemised settlement of payments, returned goods, costs saved and legally recoverable loss, without double recovery or automatic forfeiture of the advance. Undisputed balances are paid within 14 days of settlement; disputed balances within 14 days after agreement or determination.

Rights to suspend performance and claim damages remain, subject to Article 8.

10. General

The Annex is part of this Agreement; the main text prevails in any conflict. Complete all fields before signing except the acceptance record; each party receives the same version. No general terms apply. Changes require both parties' written agreement; e-mail is sufficient. Annual indexation follows the Annex without separate consent. Days are calendar days unless stated otherwise.

Austrian law applies; the United Nations Convention on Contracts for the International Sale of Goods (CISG) is excluded. Unresolved disputes go exclusively to the competent court in Vienna, Austria, where legally permitted, after an attempt at amicable resolution.

11. Signatures

Place and date: [place], [date].

For PHONOCUT

Florian Kaps

For Buyer

[name], [position]

ANNEX – Machine, acceptance and prices

Belonging to contract [number] | Version [version and date]

Machine

Item	Specification
Machine	One new APC-2 by teenage engineering; powder-coated aluminium and granite; 1300 × 600 × 400 mm; 140 kg
Drive	Direct drive; variable speed; wow and flutter < 0.01% WRMS
Speeds	45 and 33⅓ rpm and half speed; variable groove pitch, control from DAW
Cutting head	Stereo feedback PHONOCUT cutting head with diamond stylus and automatic lift
Other	Vacuum hold-down, swarf removal, temperature-controlled heating, cutting amplifier with RIAA encoder, monitor amplifier with tonearm
Formats	Mechanical capacity: compatible blanks approximately 4-12 inches; available formats below
Connections	Ethernet and Wi-Fi; one IEC power connector, [V], [Hz], rated [W] and [A]
User manual	[reference], language [language]
Safety documentation	Required conformity and safety documents for delivery country: [type and reference]
Scope of delivery	Machine, power cable, packing-list components [version], starter materials [list]; external computer and audio interface [specification]

Workplace

Approximately 2 × 2 metres plus safe access and operating clearance; level, stable surface supporting 140 kg. Electrical supply, earthing, protection and socket: [specification matching rating plate]. Temperature [range], humidity [range], vibration and ventilation [requirements]. PHONOCUT confirms requirements before shipment. Training: approximately 3–4 hours for [number] users.

External equipment and audio requirements

Item	Agreed requirement or behaviour
Computer and audio interface	OS, minimum hardware, interface and compatible DAW: [specification]; included items listed above
Audio files	Formats, sample rates, bit depth and mastering limits: [specification]

Acceptance test

Test protocol: [reference and version]. Record results and open items below.

Check	Acceptance criterion
Complete and safe	Delivery and documentation complete, no transport damage, safety features and controls functional
Technical functions	Speeds, groove control, heating, vacuum, lift and monitoring functional
Cutting and playback test	File [reference], blank [article], speed [rpm], settings [specification]: no skipping or interruption attributable to the machine. Frequency response, noise, distortion and channel separation limits and measurement method: [specification]
Handover	Users trained; results and open items recorded

Acceptance form

Item	Value
Serial number	[number]
Installation and test date	[date]
Acceptance test result	[passed / failed]
Open items and repair dates	[items and dates, or none]
Acceptance by PHONOCUT	[name, date and signature]
Acceptance by Buyer	[name, date and signature]

One-off delivery and installation costs

Item	Calculation	Agreed maximum
Transport and transport insurance	Actual costs	€ [amount]
Installation, calibration and training	€ 100/hour × [hours]	€ [amount]
Engineer travel and accommodation	Agreed in writing per visit	€ [amount]
Import and customs clearance	Importer [name]; costs borne by [party]	€ [amount]; import VAT as required by law
Total additional costs	Sum of maxima above	€ [total] excluding VAT

PHONOCUT itemises hours and external costs. Charges require an agreed basis and maximum; exceeding it requires Buyer's prior written approval.

Materials and service, excluding VAT

PHONOCUT supplies APC-2 by teenage engineering blanks in different formats and designs for one- or two-sided cutting. The standard range is listed below. Additional formats and custom designs are supplied only when confirmed in a separate order.

Material, storage and permitted cutting settings: product specification [reference and version].

Listed standard blanks cost **€ 5.00 each excluding VAT**, including PHONOCUT technology royalties. No separate PHONOCUT licence fee or sales royalty applies. Minimum order: 100 blanks per type. Shipping is charged separately as stated below.

Product or service	Price and conditions
STANDARD DISC 01, 12 inch, double-sided	€ 5.00 each
STANDARD DISC 01, 10 inch, double-sided	€ 5.00 each
STANDARD DISC 01, 5 inch, double-sided	€ 5.00 each
PHONOCUT RECORDS, 10 inch, single-sided	€ 5.00 each
Diamond stylus	€ 200 each; indicative lifetime 1,000 to 1,500 cutting minutes
Replacement cutting head	€ 7,500 each
Anti-static spray	€ 20 per container of [volume]
Packaging and protective sleeve	€ 5 per set
Service and repair outside warranty	€ 100 per hour, plus travel costs agreed in writing per visit
Preventive maintenance	€ 500 per visit, plus travel costs agreed in writing per visit; interval [period or cutting minutes]

Shipping is charged at actual cost, confirmed in the order confirmation. Report defective materials promptly with article, batch and evidence. PHONOCUT replaces defective materials for which it is responsible free of charge, including transport, or refunds the price if timely replacement is impossible. Other remedies remain, subject to Article 8.

Annual indexation

On each anniversary of acceptance, fixed material and service prices are adjusted up or down by the year-on-year change in the final Austrian Consumer Price Index (Statistics Austria, CPI 2025 = 100) for the fourth calendar month before that date. An officially linked successor index may replace it.

PHONOCUT provides the calculation and revised prices 30 days in advance. Late-notified increases apply only 30 days after notice, never retrospectively. Revised prices apply only to new orders. The machine price, agreed delivery and installation maxima, and confirmed orders remain unchanged; actual-cost charges are not indexed. Other price changes require both parties' written agreement.