

## 1. Scope of Application

1.1 The Deliveries, Products and Services of Hurco GmbH (hereinafter: Hurco) are supplied exclusively in accordance with the following General Terms and Conditions. These General Terms and Conditions apply without repeated agreement to all future business relations.

1.2 General Terms and Conditions of the customer shall not apply even if the customer refers to such terms in connection with its order and Hurco does not oppose them. Commitments, ancillary agreements and any amendments and additions to the General Terms and Conditions must be made in writing. This shall also apply to any change in this written form requirement.

## 2. Confirmation of Order

2.1 Offers made by Hurco are subject to change and are non-binding. A contract shall be deemed entered into only when an order is confirmed in writing, especially by fax or by e-mail, by Hurco but no later than upon acceptance of delivery by the customer or upon the provision of services.

2.2 The contents and scope of the products and services owed by Hurco shall be derived exclusively from the order confirmation by Hurco.

## 3. Deliveries and Performances

3.1 Delivery and service dates are not binding unless otherwise explicitly agreed in written form. Hurco shall at any event only be deemed in default if the delay is the responsibility of Hurco, if performance is due and if the customer has set Hurco a reasonable extended deadline in writing (of at least 6 weeks) to no avail. An agreed-upon time for delivery is considered as kept if up to its expiration the subject matter of the contract left the factory respectively is forward by sea or the readiness for dispatch has been communicated to the customer.

3.2 Delivery and service dates shall be reasonably extended for Hurco in the event of disruptions due to force majeure or other obstacles for which Hurco is not responsible, for instance disruptions in the supplies of suppliers, strikes, lockout, operational disturbances etc. Hurco reserves the right to rescind the contract if the delay in delivery and services caused by such events continues for longer than six weeks.

3.3 The customer's entitlement to claim compensation for default in delivery and services is excluded in case of slight negligence. Unless the delay in delivery and services is caused by a deliberate violation of the contract by Hurco, the liability shall be limited to the amount of foreseeable, typically occurring damage, however, not exceeding a maximum of 5 % of the value of the products affected by the default in delivery.

3.4 If the customer is in default concerning the acceptance of the delivery or services offered by Hurco or if the customer fails to cooperate in due form, the customer shall compensate any arising additional work and expenses or the damage resulting from the default or the failed cooperation.

3.5 Partial deliveries shall be permissible where reasonable for the customer and may be invoiced separately.

3.6 In any case the obligation of Hurco to supply the subject matters of the contract becomes due only if potentially necessary permissions regulated by public law in particular by the Federal Office of Economics and Export Control (BAFA) and/or by the US department of Commerce (Office of export administration) have been granted. The customer is obligated to participate in the respective authorisation procedures and has to provide every information which is requested by him and is necessary for the export.

3.7 If the customer should intend to lease or rent the subject matter of contract Hurco is not obliged to agree to the admission of the lessor and/or renter into the contractual relationship.

## 4. Product Changes

4.1 Hurco reserves the right to modify the products, in particular in the course of further developments, provided that the performance data agreed are achieved or exceeded. However Hurco is not obliged to make up such changes also on already completed or delivered products.

4.2 Product changes are to be communicated to the customer only in case of substantial changes, which can affect the purpose of the contract of the product.

## 5. Passing of Risk

5.1 The risk shall pass – also on partial deliveries – to the customer as soon as the contractual product is handed over to the person who is responsible for the transport (the carrier) or has left the stock of Hurco for the purpose of delivery. Any agreed acceptance must be performed without delay at the acceptance date, no later than after reporting by Hurco about readiness for acceptance. The customer must only refuse acceptance if there is any essential defect.

5.2 If the dispatch is delayed by request of the customer or independent of negligence of Hurco, with the advice of readiness for dispatch the risk passes to the customer.

## 6. Examination of goods

6.1 Immediately upon receipt of the goods the customer shall check that they are complete and in conformity with the delivery papers and examine them for defects. If no written complaint is made within four days of the date of the delivery note, the goods shall be deemed to have been duly and fully delivered except in case of a defect which was not evident upon the examination.

6.2 If the goods delivered show evident defects or deficient quantities, this must be noted by the customer in writing on the certificate of receipt of the carrier upon delivery. This note must provide a sufficiently clear description of the damage or deficient quantity (notice of defect pursuant to Section 438 German Commercial Code [HGB]).

## 7. Prices and payment terms

7.1 Prices are as given in the order confirmation of Hurco.

7.2 Prices are plus VAT ex distributing warehouse of Hurco. The prices include customary commercial packaging of the products delivered. Other secondary payments or costs, specifically freight, shall be invoiced to the customer separately.

7.3 If no credit limit has been granted and no other payment agreement reached, payments are due without any deduction whatsoever 14 days after the invoice date and commissioning, including inspection of the main functional units. Invoicing shall be effected upon delivery. If the customer fails to pay within the period allowed, interest shall be due without further notice at a rate of 8 % p.a. above the respective base interest rate of the European Central Bank calculated on the purchase price. The foregoing shall not affect the right to claim additional damages.

7.4 Hurco shall have the right, despite stipulations by the customer to the contrary, to apply payments received against the customer's older debts first. If costs and interest have already been incurred due to default, Hurco shall have the right to apply any payment first against the costs, then against the interest and finally against the principal performance.

7.5 The customer may only off-set undisputed claims or claims which have been determined non-appealable by a court of law. The customer may only exercise a right of retention with respect to counterclaims based on the same contractual relationship.

7.6 In case of deviation from the payment terms without justified cause, Hurco may, at any time, elect to effect delivery, against prepayment or to demand the provision of security. All outstanding accounts, including those for which payment by instalment was agreed upon, shall become due and payable immediately.

7.7 Payment terms granted by Hurco always require that an adequate credit limit is available for each individual order. If the order should exceed this credit limit, Hurco reserves the right to demand payment in advance of the remainder of the value of the order. In the event of a subsequent change in the customer's creditworthiness, Hurco shall have the right to demand, prepayment or the provision of security and, in case of non-performance, to rescind the contract.

## 8. Reservation of title

8.1 The products delivered shall remain the property of Hurco pending performance of all obligations due under the contract, including future obligations, and, in addition, with respect to the entire business relationship with the customer (retained goods).

8.2 The customer is not allowed to pledge or assign as security the goods with reserved title. In the event of attachment by third parties of the goods with reserved title or in the event of filing for the opening of insolvency proceedings concerning the assets of the customer, the customer shall indicate that they are the property of Hurco and advise Hurco thereof immediately in writing.

8.3 Articles supplied for testing and demonstration purposes shall remain the property of Hurco. The customer is obliged to ensure that such articles are properly stored; they may only be used for purposes reached to this effect with Hurco.

8.4 In the event of behaviour contrary to the contract, particularly with default in payment, including payments due on other and future products or services supplied to the customer by Hurco or if there is any cause to suspect a deterioration in the financial circumstances of the customer, Hurco is entitled to recover the goods with reserved title. The exercise of the rights from the retention of title or the demand of recovery do not constitute a rescission from the contract. Without prejudice, Hurco reserves the right to claim compensation for damages and to rescind the purchase contract. The entire costs of recovery and exploitation shall be borne by the customer. Hurco may access the business premises of the customer and block the retained goods for use or take them to enforce these rights and in case of resale demand the assignment of the customer's rights to recover possession from its customers.

8.5 The customer is obliged to handle the retained goods carefully. The customer is particularly obliged to insure the retained goods appropriately in accordance with the replacement value against all dangers customary in a trade, especially damages due to fire, water, theft and other damages. By request of Hurco evidence of closing of an insurance contract and proper payment of the of the insurance premium has to be provided. If the customer does not meet his obligation of closing an insurance contract and providing evidence despite request of Hurco with a grace period of two weeks, Hurco is entitled to return the subject matter of the contract or insuring it itself at the customer's costs.

8.6 Claims arising under the insurance are subrogated to Hurco on account of performance until all receivables of Hurco against the customer have been paid.

8.7 If the customer sells on the delivered contractual products in the proper course of business, the customer hereby assigns all claims at the amount of the final invoiced amount (including VAT) that he incurs against his purchaser or third parties from the sale, no matter if the delivered contractual products have been sold on without or after processing. The customer remains entitled to collect this claim even after the assignment. The right of Hurco to collect the claim directly shall not be affected by this. However, Hurco commits to not collecting the claim while the customer meets his payment obligations from the revenue incurred, has not entered default of payment and specifically has not filed any application for opening of insolvency proceedings or has ceased to make payments. However, if this is the case, Hurco may demand that the customer discloses the assigned claims and their debtors to Hurco, provides any information required to collect, submit the associated documents and informs the debtor (third party) of the assignment.

8.8 The processing or reformation of the delivered contractual products by the customer shall always be performed for Hurco. If the delivered contractual products are processed with other objects that do not belong to Hurco, Hurco shall acquire co-property in the new object at the ratio of the value of the delivered contractual products to the other objects processed at the time of processing. Apart from this, the object resulting from processing shall be subject to the same rules as the object of the delivery that was delivered subject to reservation of title.

## 9. Data processing

9.1 Within the Hurco corporate group orders are processed by means of automatic data processing. The customer hereby gives its explicit approval to the processing of data which Hurco gains knowledge of during the course of the contractual relationships and which are necessary for the order processing. The customer is also in agreement with the use by Hurco of such data obtained from the customer in connection with the business relationship with the customer also within the Hurco corporate group for business purposes within the meaning of the German Data Protection Act (Bundesdatenschutzgesetz – BDSG).

9.2 For the purpose of verifying the customer's financial standing, Hurco reserves the right to obtain information on customers' creditworthiness from credit agencies or credit insurers and to report data to them, but such reporting is restricted to the case of non-contractual settlement, for example if a summary court notice is applied for with regard to payment of an undisputed debt, if a writ of execution is issued, or in case of judicial execution. Such data shall only be transmitted insofar as is required to uphold Hurco's justified interests and provided that the customer's interests worthy of protection are not impaired. In this connection Hurco shall comply with the relevant provisions of data protection law.

## 10. Warranty

10.1 Hurco ensures within the legal requirements to the exclusion of further claims that the subject matters of the contract are free from significant defects and are suitable for the use presupposed by the contract and/or are suitable for the normal use. The contracting parties are aware of the fact that according to the state of the art it is not possible to exclude software errors in all application conditions. Therefore the contracting parties agree on the fact that no warranty claims will be caused by minor defects which in particular exist if the operational readiness of the supplied product is only insignificant affected. Besides, the contracting parties agreed on the fact that Hurco does repairs of the contractual item without acknowledging any legal obligation therefore and that no new guarantee periods will begin thereby.

10.2 No warranty is given for defects and/or damage arising from: fair and ordinary wear and tear, improper use, operating error and culpable conduct of the customer, operation with wrong voltage or wrong type of current as well as connection to improper current sources, fire, lightning, explosion or mains-related over-voltages, humidity of all kinds, etc. Furthermore the warranty is void, if serial numbers, type designations or similar characteristics are removed or made illegible and/or if the customer does repairs/interventions of/on the contractual item on his own.

10.3 Obvious defects must be reprimanded immediately, i.e. without undue delay, at the latest within one week after receipt of the service/delivery by the customer in writing. The legal requirements apply for hidden defects. Besides the limitation period for warranty claims amounts to one year starting from delivery of the contract item, whereas the commissioning date does not matter.

10.4 Upon existence of a defect Hurco has the choice between remedy or replacement. Replaced parts shall become the property of Hurco. If the customer moves the object of delivery wholly or in part from a contractually agreed site of setup to a third location, the customer will bear any resulting additional costs, specifically any arising further travel costs that are incurred by Hurco.

As far as the supplementary performance has to take place abroad, Hurco bears the expenses for transport only up to German border. The customer may withdraw from the contract of sale not until two miscarriages of the supplementary performance. The withdrawal is however excluded if the defect is only insignificant (see section 10.1).

10.5 If the contractual product is a used machine the guarantee for others than obvious defects is excluded.

10.6 Hurco reserves the right to charge the customer separately for all expenses for expenditures concerning the examination of the contractual products in case of unsubstantiated complaint.

10.7 If the customer should, for any reason, be entitled to warranty claims and return the contractual item to Hurco within the scope of warranty, he will have to pay a compensation for use in a lump sum of 0.05 % of the net sales price per diem of actual possession for the period he has been in the possession of the contractual item.

10.8 As long as Hurco did not approve in writing the existence of defects the customer is not entitled to declare the set-off against pecuniary claims of Hurco or to claim the lien.

### 11. Miscellaneous Claims

11.1 Unless otherwise specified in the following regulations claims for damages of the customer - on whatever legal grounds - are excluded. In particular Hurco is not liable for data loss, loss of profit or miscellaneous financial losses of the customer.

11.2 For damage which did not occur in the contractual item Hurco is - on whatever legal grounds - responsible only

- in case of intent of Hurco and/or auxiliary persons,
- in case of gross negligence of Hurco and/or auxiliary persons,
- in case of culpable injury to life, body or health
- in case of fraudulent concealment of defects or express warranty for the absence of certain defects.

- in case of a culpable breach of substantial conditions of the contract.

11.3 If the liability of Hurco is excluded or limited, this applies also to the personal liability of salaried personnel, employees, staff, sales representatives and auxiliary persons.

11.4 Damages to property for which Hurco is responsible for the indemnifiability is limited to the sum insured by the product liability insurance contracted by Hurco. On request Hurco notifies the customer of the corresponding sum insured in every particular case.

Furthermore, the liability amount for property damage is limited to the usual coverage provisions for damages at the time of the conclusion of the contract.

11.5 Any damages claims, no matter the legal reason and no matter the question of guilt and knowledge, become statute-barred upon termination of twelve months starting from delivery of the contractual product.

### 12. Industrial property rights/Intellectual property rights

#### 12.1 System Software

The parties agree on the fact that only an unlimited, not transferable license of the provided software is granted to the customer. Hurco is entitled to revoke the given license if the customer uses it contrary to the subject of the contract, in particular if the customer reproduces the software, modifies it or passes it down to third parties.

As far as the contractual products are intended for resale the customer has sufficiently to care for the compliance with these terms of license by his purchasers. He has to notify Hurco of each breach of contract by his customer immediately.

12.2 The customer may neither remove, modify, cover nor in other way garble the information on the contractual products concerning intellectual property rights, trademark rights or other patent rights. The customer is entitled to translate provided documentation for commercial purposes only upon previous approval by Hurco.

12.3 Hurco reserves title and copyright in the operating software, samples, cost estimates, drawings and similar information of material and immaterial kinds - also in electronic form; they must not be made accessible to third parties. Hurco commits to making any information and documents designated as confidential by the customer accessible to third parties only with the customer's consent.

### 13. Export and re-export

13.1 All contractual products and technical know-how are supplied by Hurco in compliance with the provisions of the German Act on Foreign Trade and Payments (AWG) / the German Foreign Trade and Payments Regulation (AWV) / the EC Dual Use Regulation and the US export provisions currently in force and effect and are intended for use and to remain in the country of destination agreed with the customer. If the customer intends to re-export contractual products, the customer is obliged to comply with US-American, European and national export regulations. The re-export of contractual products in violation of these provisions is prohibited.

13.2 The customer is obliged to obtain details of the provisions and regulations currently in force on its own initiative (Bundesausfuhramt [German Federal Export Office], 65760 Eschborn/Taunus or US Department of Commerce, Office of Export Administration, Washington D. C. 20230). Irrespective of whether the customer indicates the final destination of the contractual products supplied, the customer shall be obliged, on its own responsibility, to obtain any licence or permit which may be necessary from the relevant foreign trade authority responsible prior to exporting such products. Hurco has no duty to provide information concerning this matter and does not assume liability for the fact that the contractual products comply with the respective export regulations. The customer is not entitled to claim the adaptation of the contractual products to the respective export regulations by Hurco.

13.3 Any forwarding of contractual products to third parties by the customer with or without the knowledge of Hurco shall require the simultaneous transfer of the export licence conditions. The customer shall be fully liable in case of non-compliance with the relevant regulations.

13.4 Without prior consent of the authorities, the customer may not deliver contractual products directly or indirectly to countries that are subject to a US embargo or to natural or legal persons of these countries as well as to natural or legal persons that are registered on US-American, European or national prohibition lists (e.g. Specifically Designated Nationals and Blocked Persons, Entity List, Denied Persons List). Furthermore, the customer is not permitted to deliver contractual products to natural or legal persons that are in any way connected to the support, development, production or use of chemical, biological or nuclear weapons of mass destruction.

### 14. EC import turnover tax

If the customer purchasing contractual products is domiciled outside Germany, he shall comply with all rules on profit and income tax / import turnover tax applicable in the relevant economic area, in particular he shall notify Hurco of his turnover tax identification number without requiring any specific request to do so and willingly provide any information necessary. In case of non-compliance the customer shall compensate Hurco for the expenses caused as a result.

### 15. Spare parts prices

The price list for spare parts are ex stock Pliening without installation, freight and/or shipping charges or packaging.

### 16. Applicable law, place of performance, Court of jurisdiction

16.1 The contract shall be governed by and construed in accordance with the laws of the Federal Republic of Germany. The application of the Vienna Convention (United Nations Convention on Contracts for the International Sale of Goods – UNCITRAL) is excluded.

16.2 The place of performance and jurisdiction is Munich if the customer is a merchant under German law. Hurco shall have the right, however, to bring an action against the customer in any other statutory jurisdiction.

16.3 If any determination should be totally or partly ineffective or later on lose their legal effect, then this does not effect the remaining regulations. In the place of the ineffective regulation steps, as far as legally allowed, another appropriate regulation, which comes as close as possible to the economic and legal purpose of the regulation.