

SafeCom A/S
Central Business Registration No
26786878
Lautrupvang 12
2750 Ballerup

Annual report 2015

The Annual General Meeting adopted the annual report on 30.06.2016

Chairman of the General Meeting

Name: Caroline Curtis

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Entity details

Entity

SafeCom A/S
Lautrupvang 12
2750 Ballerup

Central Business Registration No: 26786878

Registered in: Ballerup

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Caroline Curtis, chairman

Adam Bruce Bowden II

George David Carroll

Executive Board

Theresa Murray, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SafeCom A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations and cash flows for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ballerup, 30.06.2016

Executive Board

Theresa Murray
Chief Executive Officer

Board of Directors

Caroline Curtis
chairman

Adam Bruce Bowden II

George David Carroll

Independent auditor's reports

To the owners of SafeCom A/S

Report on the financial statements

We have audited the financial statements of SafeCom A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Independent auditor's reports

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations and cash flows for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

København, 30.06.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Christian K. Jørgensen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2015	2014	2013	2012	2011
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial high-lights					
Key figures					
Gross profit	15.409	45.046	52.227	54.112	44.411
Operating profit/loss	6.054	13.235	7.085	10.361	9.518
Net financials	(555)	(532)	(244)	935	1.954
Profit/loss for the year	4.242	9.572	5.132	8.761	8.830
Total assets	56.342	61.731	54.256	51.566	43.009
Investments in property, plant and equipment	0	387	614	1.105	433
Equity	51.350	47.108	37.536	32.508	25.748
Ratios					
Return on equity (%)	8,6	22,6	14,7	30,1	39,4
Solvency ratio (%)	91,1	76,3	69,2	63,0	59,9

Management commentary

Primary activities

Safecom is only providing services for the Nuance Communications group of companies and as a result it receives a corresponding agreed compensation via cost plus agreements. These services, which support the Professional Sales and Marketing along with the Research and Development within the Nuance Communications group, involve the imaging and related business solutions.

A royalty agreement was also put in place at 1 July, 2013 based on the Safecom product sales by the Nuance Communications group.

Development in activities and finances

The profit for the year amounts to 4,242k against a profit of DKK 9,572k in 2014. The profit for the year is considered satisfactory.

Outlook

From 2015, the company does not bear any direct market and development risks. The company receives a guaranteed income for all services provided to the Nuance Communications Group.

The company is dependent on the economic situation of the group, which is exposed to various market risks. There are significant uncertainties faced by the group due to the increasing competitive market and the future price of products. The company provides its services exclusively to other Nuance Communications group companies. Risks for the future development are primarily due to necessary adaptations within the group, as a result of the increasing competitive pressure on the Nuance group. The expansion of the business activities by creating and developing new markets by the Nuance Communications group is therefore of considerable importance for the economic situation of the company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 114 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Property, plant and equipment

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 7 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Accounting policies

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Soliditetsgrad (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		15.408.912	45.046.444
Staff costs	1	(9.228.365)	(30.910.301)
Depreciation, amortisation and impairment losses	2	<u>(126.631)</u>	<u>(901.416)</u>
Operating profit/loss		6.053.916	13.234.727
Income from investments in group enterprises		(499.980)	(143.831)
Other financial income		46.780	0
Other financial expenses		<u>(101.462)</u>	<u>(388.349)</u>
Profit/loss from ordinary activities before tax		5.499.254	12.702.547
Tax on profit/loss from ordinary activities	3	<u>(1.257.603)</u>	<u>(3.130.967)</u>
Profit/loss for the year		<u>4.241.651</u>	<u>9.571.580</u>
Proposed distribution of profit/loss			
Reserve for net revaluation according to the equity method		(499.980)	(143.831)
Retained earnings		<u>4.741.631</u>	<u>9.715.411</u>
		<u>4.241.651</u>	<u>9.571.580</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Other fixtures and fittings, tools and equipment		238.846	720.608
Leasehold improvements		0	120.947
Property, plant and equipment	4	<u>238.846</u>	<u>841.555</u>
Investments in group enterprises		889.950	3.616.142
Deposits		251.422	1.044.289
Fixed asset investments	5	<u>1.141.372</u>	<u>4.660.431</u>
Fixed assets		<u>1.380.218</u>	<u>5.501.986</u>
Receivables from group enterprises		36.658.404	51.567.508
Deferred tax assets		106.607	713.951
Other short-term receivables		392.117	548.374
Prepayments	6	0	4.135
Receivables		<u>37.157.128</u>	<u>52.833.968</u>
Cash		<u>17.804.470</u>	<u>3.395.218</u>
Current assets		<u>54.961.598</u>	<u>56.229.186</u>
Assets		<u>56.341.816</u>	<u>61.731.172</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	7	1.000.000	1.000.000
Reserve for net revaluation according to the equity method		2.914.893	3.414.873
Retained earnings		47.434.715	42.693.084
Equity		<u>51.349.608</u>	<u>47.107.957</u>
Other payables		0	445.586
Non-current liabilities other than provisions		<u>0</u>	<u>445.586</u>
Bank loans		575.324	0
Trade payables		0	242.694
Debt to group enterprises		0	3.128.109
Income tax payable		1.958.150	3.314.862
Other payables	8	2.458.734	7.491.964
Current liabilities other than provisions		<u>4.992.208</u>	<u>14.177.629</u>
Liabilities other than provisions		<u>4.992.208</u>	<u>14.623.215</u>
Equity and liabilities		<u><u>56.341.816</u></u>	<u><u>61.731.172</u></u>
Ownership	10		

Statement of changes in equity for 2015

	Contributed capital DKK	Reserve for net revalua- tion accor- ding to the equity me- thod DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.000.000	3.414.873	42.693.084	47.107.957
Profit/loss for the year	0	(499.980)	4.741.631	4.241.651
Equity end of year	1.000.000	2.914.893	47.434.715	51.349.608

Cash flow statement 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Operating profit/loss		6.053.916	10.011.211
Amortisation, depreciation and impairment losses		126.631	934.481
Working capital changes	9	<u>8.891.675</u>	<u>(1.574.886)</u>
Cash flow from ordinary operating activities		15.072.222	9.370.806
Financial income received		46.780	0
Financial income paid		(101.462)	(357.906)
Income taxes refunded/(paid)		<u>(2.006.971)</u>	<u>(1.480.054)</u>
Cash flows from operating activities		13.010.569	7.532.846
Acquisition etc of property, plant and equipment		0	(386.536)
Sale of property, plant and equipment		476.078	0
Acquisition of fixed asset investments		0	(129.000)
Sale of fixed asset investments		<u>792.867</u>	<u>0</u>
Cash flows from investing activities		1.268.945	(515.536)
Instalments on loans etc		(445.586)	0
Incurrence of debt to group enterprises		<u>0</u>	<u>(7.232.245)</u>
Cash flows from financing activities		(445.586)	(7.232.245)
Increase/decrease in cash and cash equivalents		13.833.928	(214.935)
Cash and cash equivalents beginning of year		<u>3.395.218</u>	<u>3.610.153</u>
Cash and cash equivalents end of year		<u>17.229.146</u>	<u>3.395.218</u>
Cash and cash equivalents at year-end are composed of:			
Cash		17.804.470	3.395.218
Short-term debt to banks		<u>(575.324)</u>	<u>0</u>
Cash and cash equivalents end of year		<u>17.229.146</u>	<u>3.395.218</u>

Notes

	2015	2014
	DKK	DKK
1. Staff costs		
Wages and salaries	8.698.105	28.841.043
Pension costs	229.040	1.020.597
Other social security costs	71.264	155.993
Other staff costs	229.956	892.668
	9.228.365	30.910.301
Average number of employees	9	40

Special incentive programmes

Following the acquisition of the Company by Equitrac Inc a number of the Company's employees were able to participate in equity incentive schemes operated by the ultimate parent company, Nuance Communications Inc. Details of the schemes are set out below:

Restricted Awards

Nuance is authorised to issue equity incentive awards in the form of Restricted Awards, including Restricted Units. Unvested Restricted Awards may not be sold, transferred or assigned. The fair value of the Restricted Awards is measured based upon the market price of the underlying common stock as of the date of grant, reduced by the purchase price of \$0.001 per share of the awards. The Restricted Awards generally are subject to vesting over a period of two to four years. Nuance also issues certain Restricted Awards with vesting solely dependent on the achievement of specified performance targets. The fair value of the Restricted Awards is amortised to expense over the awards' applicable requisite service periods using the straight-line method. In the event that the employees' employment with the Company terminates, or in the case of awards with only performance goals, if those goals are not met, any unvested shares are forfeited and revert to Nuance.

	2015	2014
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	587.128	901.416
Profit/loss from sale of intangible assets and property, plant and equipment	(460.497)	0
	126.631	901.416

Notes

	2015	2014
	DKK	DKK
3. Tax on ordinary profit/loss for the year		
Current tax	650.269	3.217.228
Change in deferred tax for the year	607.334	213.592
Adjustment relating to previous years	0	(299.853)
	1.257.603	3.130.967
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
4. Property, plant and equipment		
Cost beginning of year	2.625.234	478.811
Transfer to and from other items	46.445	0
Disposals	(622.080)	(478.811)
Cost end of year	2.049.599	0
Depreciation and impairment losses beginning of the year	(1.904.625)	(357.864)
Transfer to and from other items	(46.445)	0
Depreciation for the year	(466.181)	(120.947)
Reversal regarding disposals	606.498	478.811
Depreciation and impairment losses end of the year	(1.810.753)	0
Carrying amount end of year	238.846	0
	Investments in group enterprises	Deposits
	DKK	DKK
5. Fixed asset investments		
Cost beginning of year	201.269	1.044.289
Disposals	0	(792.867)
Cost end of year	201.269	251.422
Revaluations beginning of year	3.414.873	0
Share of profit/loss after tax	(499.980)	0
Other adjustments	(2.226.212)	0
Revaluations end of year	688.681	0
Carrying amount end of year	889.950	251.422

Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity interest %</u>
Subsidiaries:			
SafeCom UK Ltd.	England	Ltd.	100,00
SafeCom GmbH	Germany	GmbH	100,00

6. Prepayments

Prepaid rent.

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
7. Contributed capital			
Ordinary Shares	1.000	1.000,00	1.000.000
	1.000		1.000.000

	<u>2015 DKK</u>	<u>2014 DKK</u>	<u>2013 DKK</u>	<u>2012 DKK</u>	<u>2011 DKK</u>
Changes in contributed capital					
Contributed capital beginning of year	1.000.000	1.000.000	1.000.000	1.000.000	500.000
Increase of capital	0	0	0	0	525.000
Decrease of capital	0	0	0	0	(25.000)
Contributed capital end of year	1.000.000	1.000.000	1.000.000	1.000.000	1.000.000

	<u>2015 DKK</u>	<u>2014 DKK</u>
8. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc. payable	1.882.872	4.156.321
Other costs payable	575.862	3.335.643
	2.458.734	7.491.964

	<u>2015 DKK</u>	<u>2014 DKK</u>
9. Change in working capital		
Increase/decrease in receivables	17.295.708	(5.129)
Increase/decrease in trade payables etc	(8.404.033)	(1.569.757)
	8.891.675	(1.574.886)

Notes

10. Ownership

The company has registered the following shareholder to hold more than 5% of the voting share capital or of the normal value of the share capital:

Equitrac Corporation, 1000 South Pine Road, PLantation, Florida, USA