

...an easier way to label either  
...can't or aren't brave enough to do  
...until you start working on it.  
...nothing infinitely greater.

# NICE S.P.A. CONSOLIDATED THIRD QUARTER 2016 REPORT

so il termine (il tempo) si tramutava  
in moda per liquidare quello  
non si ha voglia, capacità o coraggio di fare.  
ogni cosa sembra un sogno fino a quando  
si comincia a lavorarci.

The Nice Group

ra può diventare qualcosa  
nitamente più grande.

Adriano Olivetti

- 1
  - 2
  - 3
  - 4
  - 5
  - 6
  - 7
  - 8
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  - 10
- Less, but better
- Back to purity,  
back to simplicity



**Nice S.p.A.**

**Consolidated Third Quarter Report  
as at 30 September 2016**

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## General Information

### Directors, Officers and Company Information

#### Board of Directors

|                      |                                    |
|----------------------|------------------------------------|
| Lauro Buoro (*)      | Chairman of the Board of Directors |
| Roberto Griffa (*)   | CEO                                |
| Denise Cimolai (*)   | Director                           |
| Emanuela Paola Banfi | Independent Director               |
| Giorgio Zanutto (*)  | Director                           |
| Lorenzo Galberti (*) | Director                           |
| Antonio Bortuzzo     | Independent Director               |
| Chiara Mio (**)      | Director                           |

(\*) Powers and attributions of ordinary and extraordinary administration, within the limits of the law and of the Articles of association and in observance of the reserves within the competence of the Shareholders Meeting and of the Board of Directors according to the resolution of the Board of Directors of 22 April 2016.

(\*\*) Functional powers, within the limits of the law and the Articles of Association and without prejudice to the powers of the Shareholders' Meeting and the Board of Directors, in accordance with the resolution of the Board of Directors of 13 May 2016.

#### Board of Statutory Auditors

|                    |   |
|--------------------|---|
| Giuliano Saccardi  | Chairman of the Board of Statutory Auditors |
| Monica Berna       | Acting Statutory Auditor                    |
| Enzo Dalla Riva    | Acting Statutory Auditor                    |
| David Moro         | Alternate Statutory Auditor                 |
| Manuela Salvestrin | Alternate Statutory Auditor                 |

#### Control and Risk Committee

|                      |                         |
|----------------------|-------------------------|
| Antonio Bortuzzo     | Member of the Committee |
| Emanuela Paola Banfi | Member of the Committee |

#### Remuneration Committee

|                      |                         |
|----------------------|-------------------------|
| Antonio Bortuzzo     | Member of the Committee |
| Emanuela Paola Banfi | Member of the Committee |

#### Supervisory Board

|                  |                         |
|------------------|-------------------------|
| Antonio Bortuzzo | President               |
| Alberta Figari   | Member of the Committee |
| Vittorio Gennaro | Member of the Committee |

#### Independent Auditors

BDO Italia S.p.A.

#### Registered offices and corporate details

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 Via Pezza Alta, 13 Z.I. Rustignè  
 I-31046 Oderzo (TV) Italy  
 Ph: +39 0422 853838  
 Fax: +39 0422 853585  
 Share Capital Euro 11,600,000.00 fully paid-in  
 Tax Code 02717060277  
 VAT No. 03099360269  
[www.thenicegroup.com](http://www.thenicegroup.com)

#### Investor Relations

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 Ph: +39 0422 505468

## Introduction

This consolidated quarterly financial report was prepared in accordance with Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 as subsequently amended and supplemented, which requires to provide: a) a general description of the financial position and financial performance of the issuer and its subsidiaries in the reporting period; b) a description of significant events and transactions occurred during the reporting period and their impact on the financial position of the issuer and its subsidiaries.

On 18 March 2016, Italian Legislative Decree no. 25 of 15 February 2016 became effective, transposing the directive 2013/50/EU amending Directive 2004/109/EC on transparency requirements in relation to information about issuers (so-called Transparency Directive), which removed the requirement to publish interim management statements in order to reduce the administrative burden on listed issuers as well as discourage issuers and investors from focusing on short-term performance.

This change did not affect the issuers listed on the STAR segment of Borsa Italiana's MTA market, for which the Rules of the Markets organised and managed by Borsa Italiana S.p.A. concerning the publication of interim management statements will still apply. Specifically, pursuant to Article 2.2.3, paragraph 3 of said Rules, "in order to obtain and maintain Star status, issuers must make their interim management statements available to the public within 45 days of the end of the first, third and fourth quarter. The issuers are exempted from the obligation to publish the 4th interim management statement if they make available to the public the annual financial report together with the other documents referred to in Article 154-ter, paragraph 1, of the Consolidated Law on Finance within 90 days of the close of the relevant financial year".

## Economic and financial highlights of the Nice Group

| Income statement<br>(Thousands of Euro)     | 9M 2016       | %            | 9M 2015 | %      | Δ %    |
|---|---------------|--------------|---------|--------|--------|
| Revenues                                    | 230,036       | 100.0%       | 214,449 | 100.0% | 7.3%   |
| Gross profit                                | 122,057       | 53.1%        | 117,822 | 54.9%  | 3.6%   |
| EBITDA                                      | 34,514        | 15.0%        | 33,848  | 15.8%  | 2.0%   |
| Operating profit (EBIT)                     | 20,777        | 9.0%         | 27,734  | 12.9%  | -25.1% |
| <b>Operating profit (EBIT) adjusted (*)</b> | <b>27,583</b> | <b>12.0%</b> |         |        |        |
| Net profit                                  | 9,495         | 4.1%         | 12,660  | 5.9%   | -25.0% |
| <b>Net profit/loss adjusted (*)</b>         | <b>14,434</b> | <b>6.3%</b>  |         |        |        |
| Group net profit                            | 9,304         | 4.0%         | 12,415  | 5.8%   | -25.1% |
| <b>Group net profit/loss adjusted (*)</b>   | <b>14,244</b> | <b>6.2%</b>  |         |        |        |

(\*) The adjustment referred to the exclusion of the impairment loss on the FontanaArte trademark as well as the building that houses FontanaArte's operations following their measurement at fair value. They were written down by Euro 4.8 million and Euro 2.0 million, respectively, resulting in an overall Euro 1.9 million tax impact.

| Statement of Financial Position<br>(Thousands of Euro) | 30/09/2016     | 31/12/2015     |
|--|----------------|----------------|
| Net working capital                                    | 81,007         | 75,809         |
| Fixed assets and other non-current assets              | 177,507        | 141,778        |
| Non-current liabilities                                | (22,490)       | (15,535)       |
| <b>Net invested capital</b>                            | <b>236,023</b> | <b>202,053</b> |
| Net financial position                                 | 25,897         | (541)          |
| - of which cash and cash equivalents                   | (52,367)       | (65,090)       |
| - of which financial assets                            | (4,752)        | (4,497)        |
| - of which financial liabilities                       | 83,016         | 69,045         |
| Shareholders' Equity                                   | 210,126        | 202,594        |
| <b>Total financing sources</b>                         | <b>236,023</b> | <b>202,053</b> |

| Statement of Cash Flows<br>(Thousands of Euro)                  | 9M 2016         | 9M 2015        |
|---|-----------------|----------------|
| Cash flow from operating activity                               | 19,029          | 12,193         |
| Cash flow used in investing activities                          | (16,056)        | (6,446)        |
| Free Operating Cash Flow  | 2,974           | 5,747          |
| Acquisitions  | (24,346)        | (13,209)       |
| <i>Free Cash Flow</i>   | <i>(21,373)</i> | <i>(7,462)</i> |
| Cash flow used in financing activities                          | 8,940           | 3,351          |
| Effect of exchange-rate changes on cash and cash equivalents    | (291)           | (1,555)        |
| <i>Cash flow of the period</i>                                  | <i>(12,723)</i> | <i>(5,666)</i> |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>65,090</b>   | <b>61,978</b>  |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>52,367</b>   | <b>56,312</b>  |

The alternative performance measures are not compliant with the accounting standards used in preparing the audited financial statements and can dispense with the recognition, measurement and presentation requirements in said standards. Here below are the Alternative Performance Measures:

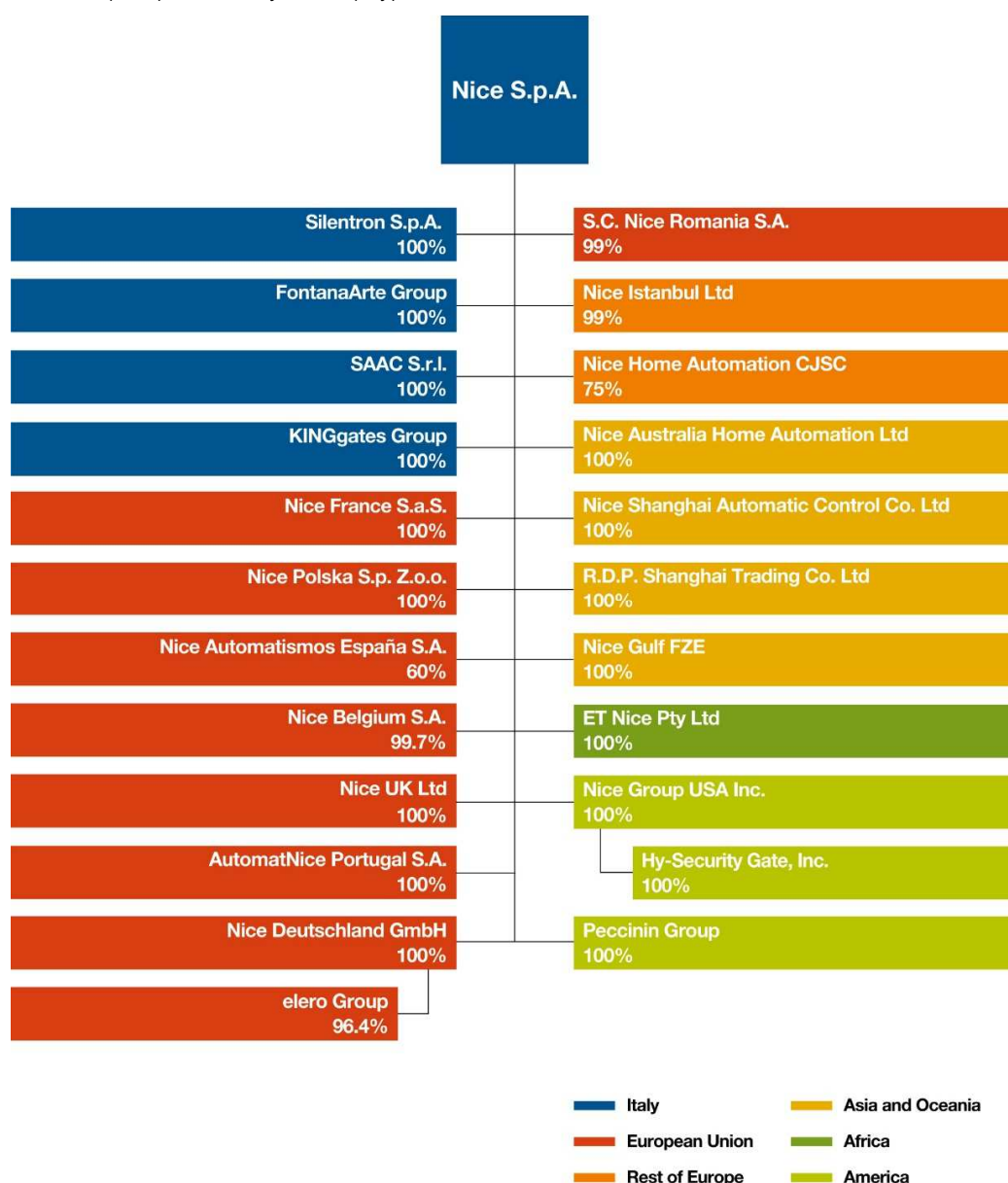
- 'Gross Profit' is defined as the difference between revenue and the cost of goods sold (consisting of the sub-items purchase of basic components, outsourced processing, and change in inventories).

- 'EBITDA' represents net profit before depreciation & amortisation, impairment, finance income & expenses, and taxes.
- 'Net working capital' is defined as the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (due within 12 months) and other current liabilities.
- 'Net capital invested' is defined as the algebraic sum of Net working capital (as defined above), fixed assets, other non-current assets and non-current liabilities (the latter net of medium-/long-term loans).
- 'Free cash flow' Flow is defined as the sum of cash flows from/(used in) operating activities and cash flows from/(used in) investing activities.

### Group Structure

The following chart presents Nice Group's structure as at 30 September 2016. The Group operates via 34 companies, detailed in the attachments, located as follows:

- *Italy:* Nice S.p.A., Silentron S.p.A., Saac S.r.l., FontanaArte S.p.A., King Gates Srl;
- *European Union:* Nice France Sas, Nice Automatismos Espana S.A., Nice UK Ltd, Nice Belgium S.A., Nice Polska S.p. Z.o.o., Nice Deutschland GmbH, S.C. Nice Romania S.A., AutomatNice Portugal S.A., elero GmbH, elero AB, FontanaArte France S.a.S., King Gates France SAS;
- *Rest of Europe:* Nice Istanbul Ltd, Nice Home Automation CJSC;
- *Asia e Oceania:* Nice Shanghai Automatic Control Ltd, R.D.P. Shanghai Trading Ltd, Nice Australia Home Automation Ltd, FontanaArte Trading Co. Ltd, elero Motors & Controls Pvt. Ltd., elero Singapore Pte. Ltd., Nice Gulf FZE;
- *Americas:* Nice Group USA Inc., FontanaArte Corp., Peccinin Portoes Automaticos Industrial Ltda, Genno Tecnologia LTDA, Omegaport Equipamentos de Seguranca LTDA. HySecurity Gate, Inc.;
- *Africa:* ET Nice (PTY) Ltd, ET Systems (Pty) Ltd.<sup>1</sup>



<sup>1</sup> ET Systems (Pty) Ltd was merged into ET Nice (Pty) Ltd effective 1 September 2016. The former will not survive as a legal entity and relevant procedures are now underway.



## Comments on economic and financial results

### Operating performance – Group economic results

Following is the first nine months of 2016 income statement reclassified according to Nice Group's management scheme, including comparison with the same period of the previous year:

| (Thousands of Euro)                                   | 9M 2016         | %             | 9M 2015         | %             | Δ %           |
|---|-----------------|---------------|-----------------|---------------|---------------|
| <b>Revenues</b>                                       | <b>230,036</b>  | <b>100.0%</b> | <b>214,449</b>  | <b>100.0%</b> | <b>7.3%</b>   |
| Cost of goods sold                                    | (107,979)       | -46.9%        | (96,627)        | -45.1%        |               |
| <b>Gross Profit</b>                                   | <b>122,057</b>  | <b>53.1%</b>  | <b>117,822</b>  | <b>54.9%</b>  | <b>3.6%</b>   |
| Industrial costs                                      | (7,659)         | -3.3%         | (7,132)         | -3.3%         |               |
| Marketing costs                                       | (6,255)         | -2.7%         | (6,768)         | -3.2%         |               |
| Trade costs   | (11,149)        | -4.8%         | (10,601)        | -4.9%         |               |
| General costs   | (19,096)        | -8.3%         | (18,379)        | -8.6%         |               |
| Personnel costs                                       | (43,383)        | -18.9%        | (41,094)        | -19.2%        |               |
| <b>Total Operating Costs</b>                          | <b>(87,542)</b> | <b>-38.1%</b> | <b>(83,974)</b> | <b>-39.2%</b> | <b>4.2%</b>   |
| <b>EBITDA</b>   | <b>34,514</b>   | <b>15.0%</b>  | <b>33,848</b>   | <b>15.8%</b>  | <b>2.0%</b>   |
| Depreciation and amortisation                         | (13,737)        | -6.0%         | (6,114)         | -2.9%         |               |
| <b>EBIT</b>   | <b>20,777</b>   | <b>9.0%</b>   | <b>27,734</b>   | <b>12.9%</b>  | <b>-25.1%</b> |
| <b>EBIT adjusted</b>                                  | <b>27,583</b>   | <b>12.0%</b>  | <b>27,734</b>   | <b>12.9%</b>  | <b>-0.5%</b>  |
| Financial management and other costs                  | (2,465)         | -1.1%         | (3,190)         | -1.5%         |               |
| <b>Pre-tax profit</b>                                 | <b>18,312</b>   | <b>8.0%</b>   | <b>24,544</b>   | <b>11.4%</b>  | <b>-25.4%</b> |
| Taxes   | (8,817)         | -3.8%         | (11,884)        | -5.5%         |               |
| <b>Net profit</b>                                     | <b>9,495</b>    | <b>4.1%</b>   | <b>12,660</b>   | <b>5.9%</b>   | <b>-25.0%</b> |
| <b>Net profit/loss adjusted</b>                       | <b>14,434</b>   | <b>6.3%</b>   | <b>12,660</b>   | <b>5.9%</b>   | <b>14.0%</b>  |
| Profit/Loss attributable to non-controlling interests | 190             | 0.1%          | 245             | 0.1%          |               |
| <b>Group net profit</b>                               | <b>9,304</b>    | <b>4.0%</b>   | <b>12,415</b>   | <b>5.8%</b>   | <b>-25.1%</b> |
| <b>Group net profit/loss adjusted</b>                 | <b>14,244</b>   | <b>6.2%</b>   | <b>12,415</b>   | <b>5.8%</b>   | <b>14.7%</b>  |
| <i>Tax rate</i>                                       |                 | 48.2%         |                 | 48.4%         |               |

Pursuant to Consob Communication n. DEM/6064293 of 28 July 2006, it is pointed out that alternative performance indicators have been defined in the paragraph "Economic and financial highlights of the Nice Group" of this report.

### Non-recurring expenses

| (Thousands of Euro)   | 9M 2016       |               |                  |
|---|---------------|---------------|------------------|
|   | EBIT          | Net profit    | Group net profit |
| <b>Profit and Loss indicators</b>                               | <b>20,777</b> | <b>9,495</b>  | <b>9,304</b>     |
| Impairment of trademarks  | 4,806         | 4,806         | 4,806            |
| Impairment of fixed assets                                      | 2,000         | 2,000         | 2,000            |
| Fiscal impact on non-recurring expenses                         | 0             | (1,866)       | (1,866)          |
| <b>Profit and Loss Indicators before non-recurring expenses</b> | <b>27,583</b> | <b>14,434</b> | <b>14,244</b>    |

“Non-recurring expenses” means expenses not related to day-to-day operations. In the first nine month of 2016, the Group incurred Euro 4.9 million in non-recurring expenses referring to the change in the measurement of a building complex and the net assets of the lighting business from value in use to estimated realisable value.

As at 30 September 2016, EBIT amounted to Euro 20.8 million, compared to Euro 27.6 million in operating profit before non-recurring expenses. The adjustment referred to the exclusion of the Euro 4.8 million impairment loss on the FontanaArte trademark as well as the Euro 2.0 million impairment loss on the building that houses FontanaArte's operations, as this will probably be reclassified to investment property no longer used in the Group's operations. This required measurement of the asset at fair value, rather than value in use.

The Group net profit, totalling Euro 9.3 million as at 30 September 2016, included the Euro 1.9 million tax impact deriving from the impairment losses. The Group net profit before non-recurring expenses was Euro 14.2 million.

## Consolidated Revenue

In the first nine months of 2016 the Nice Group generated Euro 230.0 million in sales, growing by 7.3% at current exchange rates and 10.6% at constant exchange rates compared to the same period of the previous year, revealing a generalised growth on the main markets.

The following chart shows the geographical revenue breakdown:

| (Thousands of Euro)      | 9M 2016        | %             | 9M 2015        | %             | Δ %         | Δ % <sup>(2)</sup> |
|--------------------------|----------------|---------------|----------------|---------------|-------------|--------------------|
| France                   | 32,009         | 13.9%         | 29,963         | 14.0%         | 6.8%        | 6.8%               |
| Italy                    | 28,740         | 12.5%         | 27,495         | 12.8%         | 4.5%        | 4.5%               |
| Europe 15 <sup>(1)</sup> | 66,287         | 28.8%         | 61,171         | 28.5%         | 8.4%        | 9.0%               |
| Rest of Europe           | 36,868         | 16.0%         | 39,074         | 18.2%         | -5.6%       | -2.0%              |
| Rest of the world        | 66,132         | 28.7%         | 56,746         | 26.5%         | 16.5%       | 25.9%              |
| <b>Total Revenues</b>    | <b>230,036</b> | <b>100.0%</b> | <b>214,449</b> | <b>100.0%</b> | <b>7.3%</b> | <b>10.6%</b>       |

(1) Excluding France and Italy

(2) At constant exchange rates

In the first nine months of 2016 sales in France, which represents 13.9% of Group sales, totalled Euro 32.0 million, up 6.8% compared with the first nine months of 2015.

In the first nine months of 2016, the group generated Euro 28.7 million in sales in Italy, up 4.5% compared with the first nine months of the previous year.

Sales in Europe-15, in the first nine months of 2016, amounted to Euro 66.3 million, up 8.4% at current exchange rates and by 9.0% at constant exchange rates year on year.

Sales in the Rest of Europe, in the first nine months of 2016, amounted to Euro 36.9 million, down 5.6% at current exchange rates and by 2.0% at constant exchange rates year on year.

Rest of the World, with accounts for 28.7% of Group sales, grew by 16.5% at current exchange rates and by 25.9% at constant exchange rates, with sales of Euro 66.1 million.

## Profitability Indicators

Gross profit (calculated as difference between revenue and cost of goods sold) in the first nine months of 2016 totalled Euro 122.1 million, growing by 3.6% compared to Euro 117.8 million in the first nine months of 2015 and with amounted to 53.1% as a percentage of sales, compared to 54.9% in the first nine months of 2015.

The EBITDA for the first nine months of 2016 amounted to Euro 34.5 million and 15.0% as a percentage of sales, compared to Euro 33.8 million and 15.8% in the first nine months of 2015.

In the first nine months of 2016, the Group reported a Euro 2.5 million net loss from financing activities, compared to Euro -3.2 million in the prior-year period.

Group net income adjusted<sup>2</sup> totalled Euro 14.2 million compared to Euro 12.4 million in the first nine months of 2015.

## Operating performance – Financial position

Net working capital as at 30 September 2016 amounted to Euro 81.0 million, compared to Euro 75.8 million as at 31 December 2015 and compared to Euro 83.4 million as at 30 September 2015.

The table below sets for some data related to the Group cash flows:

| (Thousands of Euro)                                       | 9M 2016         | 9M 2015         |
|---|-----------------|-----------------|
| Net profit  | 9,495           | 12,660          |
| Amortisation, depreciation and other non-monetary changes | 12,136          | 7,159           |
| Changes in Net Working Capital                            | (2,602)         | (7,626)         |
| <b>Cash flow from operating activity</b>                  | <b>19,029</b>   | <b>12,193</b>   |
| Investments   | (16,056)        | (6,446)         |
| <b>Free Operating Cash Flow</b>                           | <b>2,974</b>    | <b>5,746</b>    |
| Acquisitions  | (24,346)        | (13,209)        |
| <b>Free cash flow</b>                                     | <b>(21,373)</b> | <b>(7,463)</b>  |
| Net financial position of acquired companies              | 147             | 986             |
| Residual debt for acquisitions                            | -               | (2,168)         |
| Payment of dividends                                      | (7,780)         | (5,257)         |
| Other changes   | 2,567           | (5,405)         |
| <b>Sub-total</b>  | <b>(5,065)</b>  | <b>(11,843)</b> |
| <b>Changes in the net financial position</b>              | <b>(26,438)</b> | <b>(19,306)</b> |
| <b>Opening net financial position</b>                     | <b>541</b>      | <b>11,555</b>   |
| <b>Closing net financial position</b>                     | <b>(25,897)</b> | <b>(7,751)</b>  |

The Group's net financial position was equal to Euro -25.9 million compared to Euro -7.8 million as at 30 September 2015 and compared to a cash of Euro 0.5 million as at 31 December 2015. This value was affected by the Euro 24.3 million disbursement for the acquisition of Hy-Security Gate Inc. on 5 July 2016 and by the significant investments in durable goods amounting to Euro 16.1 million compared to Euro 6.4 million in the first nine months of 2015.

<sup>2</sup> The adjustment referred to the exclusion of the impairment loss on the FontanaArte trademark as well as the building that houses FontanaArte's operations following their measurement at fair value. They were written down by Euro 4.8 million and Euro 2.0 million, respectively, resulting in an overall Euro 1.9 million tax impact.

Following is the Group's net financial position as at 30 September 2016 and as at 31 December 2015:

| (Thousands of Euro)                                       | 30/09/2016      | 31/12/2015      |
|---|-----------------|-----------------|
| A. Cash   | 35              | 25              |
| B. Other cash equivalents                                 | 52,332          | 65,065          |
| C. Shares held for trading                                | 0               | 0               |
| <b>D. Liquidity (A) + (B) + (C)</b>                       | <b>52,367</b>   | <b>65,090</b>   |
| E. Current finance receivables                            | 1,239           | 984             |
| F. Current bank loans                                     | (1,278)         | (695)           |
| G. Current portion of non-current debt                    | (5,000)         | (6,700)         |
| H. Other current finance payables                         | (206)           | (141)           |
| <b>I. Current financial debt (F) + (G) + (H)</b>          | <b>(6,484)</b>  | <b>(7,536)</b>  |
| <b>J. Net current financial debt (I) + (E) + (D)</b>      | <b>47,121</b>   | <b>58,538</b>   |
| Non-current finance receivables (*)                       | 3,514           | <b>3,513</b>    |
| K. Non-current bank loans                                 | (75,216)        | (60,206)        |
| L. Bonds issued   | 0               | 0               |
| M. Other non-current payables                             | (1,315)         | (1,304)         |
| <b>N. Non-current financial debt (K) + (L) + (M) (**)</b> | <b>(73,018)</b> | <b>(57,997)</b> |
| <b>O. Net financial debt (J) + (N)</b>                    | <b>(25,897)</b> | <b>541</b>      |

(\*) Non-current finance receivables are included in the item 'Other non-current assets' of the 'Consolidated statement of financial position'.

(\*\*) Non-current financial debt includes also non-current finance receivables.

**Events after the reporting period**

In execution of the agreements reached on 5 August 2016, on October, 14<sup>th</sup> 2016 Nice S.p.A. lets it be known that was finalized the transaction related to the transfer of the operating unit of FontanaArte through incorporation of a new company and the subsequent transfer of the latter to Italian Creation Group S.p.A.. The Transaction amounted to Euro 15,000,000 for 100% of the share capital of the transferred company. The sale is effective 1 October 2016.

**Business outlook**

Thanks to the results achieved in the first nine months of 2016 and to the sound financial position that has always characterised Nice Group, the management believes that it will be possible to pursue its investment plans in order to achieve the growth objectives set for the future.

Oderzo, 11 November 2016.

**On behalf of the Board of Directors**

**The Chairman**

**Lauro Buoro**

**Consolidated Financial Statement as at 30 September 2016 and 2015****Consolidated statements of financial position as at 30 September 2016 and as at 31 December 2015**

| (Thousands of Euro)                                     | 30/09/2016     | 31/12/2015     |
|---|----------------|----------------|
| <b><u>ASSETS</u></b>                                    |                |                |
| <b>Non-Current Assets</b>                               |                |                |
| Intangible fixed assets                                 | 112,876        | 86,894         |
| Tangible fixed assets                                   | 48,739         | 41,804         |
| Other non-current assets                                | 6,151          | 3,917          |
| Deferred tax assets                                     | 13,255         | 12,675         |
| <b>Total non-current assets</b>                         | <b>181,021</b> | <b>145,290</b> |
| <b>Current assets</b>                                   |                |                |
| Inventories   | 76,185         | 69,548         |
| Trade receivables                                       | 60,677         | 56,587         |
| Other current assets                                    | 1,834          | 4,635          |
| Tax receivables   | 13,080         | 9,948          |
| Other current financial assets                          | 1,239          | 984            |
| Cash and cash equivalents                               | 52,367         | 65,090         |
| <b>Total current assets</b>                             | <b>205,381</b> | <b>206,792</b> |
| <b>Total assets</b>                                     | <b>386,402</b> | <b>352,082</b> |
| <b><u>EQUITY AND LIABILITIES</u></b>                    |                |                |
| <b>Group equity</b>                                     | <b>211,605</b> | <b>204,639</b> |
| <b>Equity attributable to non-controlling interests</b> | <b>(1,479)</b> | <b>(2,044)</b> |
| <b>Total shareholders' equity</b>                       | <b>210,126</b> | <b>202,595</b> |
| <b>Non-current liabilities</b>                          |                |                |
| Provision for risk and charges                          | 3,781          | 2,739          |
| Termination benefits                                    | 1,798          | 1,750          |
| Medium-/Long-term loans                                 | 75,216         | 60,206         |
| Other non current liabilities                           | 13,895         | 6,859          |
| Tax payables (over 12 months)                           | 445            | 296            |
| Provision for deferred tax liabilities                  | 3,886          | 5,195          |
| <b>Total non-current liabilities</b>                    | <b>99,022</b>  | <b>77,044</b>  |
| <b>Current liabilities</b>                              |                |                |
| Bank overdrafts and loans                               | 6,278          | 7,395          |
| Other financial liabilities                             | 206            | 141            |
| Trade payables  | 45,130         | 46,211         |
| Other current liabilities                               | 11,014         | 9,005          |
| Tax payables (within 12 months)                         | 14,626         | 9,692          |
| <b>Total current liabilities</b>                        | <b>77,254</b>  | <b>72,443</b>  |
| <b>Total liabilities</b>                                | <b>176,276</b> | <b>149,487</b> |
| <b>Total shareholders' equity and liabilities</b>       | <b>386,402</b> | <b>352,082</b> |

**Consolidated income statement as at 30 September 2016 and 2015**

|  | <b>9M 2016</b> | <b>9M 2015</b> |
|--|----------------|----------------|
| <hr/> (Thousands of Euro) <hr/>  |                |                |
| <b>Revenue</b>   | <b>230,036</b> | <b>214,449</b> |
| <b>Operating costs:</b>  |                |                |
| Costs for the use of basic components, ancillary materials and consumables | (99,772)       | (88,914)       |
| Costs for services   | (44,694)       | (42,941)       |
| Rental and lease costs   | (6,739)        | (6,043)        |
| Personnel costs  | (43,383)       | (41,094)       |
| Other operating costs  | (3,366)        | (3,626)        |
| Depreciation and amortisation  | (6,932)        | (6,114)        |
| Impairment of assets   | (6,806)        | -              |
| Other income   | 2,433          | 2,017          |
| <b>Operating profit (EBIT)</b>   | <b>20,777</b>  | <b>27,734</b>  |
| Finance income   | 2,651          | 5,911          |
| Finance expenses   | (5,097)        | (9,082)        |
| Other expenses   | (19)           | (19)           |
| <b>Pre-tax profit</b>  | <b>18,312</b>  | <b>24,544</b>  |
| Taxes for the period   | (8,817)        | (11,884)       |
| <b>Net profit</b>  | <b>9,495</b>   | <b>12,660</b>  |
| Profit (loss) attributable to non-controlling interests                    | 190            | 245            |
| <b>Group net profit</b>  | <b>9,304</b>   | <b>12,415</b>  |

| <b>Consolidated earnings per share</b>  | <b>9M 2016</b> | <b>9M 2015</b> |
|---|----------------|----------------|
| <hr/> (Thousands of Euro) <hr/>   |                |                |
| Average nr. of shares   | 110,664,000    | 110,664,000    |
| Group net profit  | 9,304          | 12,415         |
| <hr/> Data per share (Euro) <hr/>   |                |                |
| Basic, for net profit attributable to ordinary shareholders of the parent company   | 0.08408        | 0.11219        |
| Diluted, for net profit attributable to ordinary shareholders of the parent company | 0.08408        | 0.11219        |

## Consolidated comprehensive income statement as at 30 September 2016 and 2015

|  | 9M 2016              | 9M 2015             |
|--|----------------------|---------------------|
| <hr/> (Thousands of Euro) <hr/>  |                      |                     |
| <b>Net profit</b>  | <b>9,495</b>         | <b>12,660</b>       |
| Other items of comprehensive income after taxes reclassified to profit or loss | 5,818                | (8,459)             |
| - Exchange differences on translation of foreign financial statements          | <u>5,818</u>         | <u>(8,459)</u>      |
| <b>Total comprehensive income (loss) after taxes</b>                           | <b><u>15,313</u></b> | <b><u>4,201</u></b> |
| Attributable to:   |                      |                     |
| Non-controlling interests  | 564                  | 243                 |
| Shareholders of the parent   | 14,748               | 3,958               |



**Consolidated statement of cash flow as at 30 September 2016 and 2015**

| (Thousands of Euro)  | 9M 2016         | 9M 2015         |
|--|-----------------|-----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITY:</b>                        |                 |                 |
| <b>Group net profit</b>  | <b>9,304</b>    | <b>12,415</b>   |
| Net profit/loss attributable to non-controlling interests        | 190             | 245             |
| Income taxes   | 8,817           | 11,884          |
| Depreciation, amortisation and impairment                        | 13,737          | 6,114           |
| Net changes in other provisions                                  | (1,601)         | 1,045           |
| <b>Changes in current assets and liabilities:</b>                |                 |                 |
| Decrease / (increase) in Receivables due from customers          | (994)           | (4,339)         |
| Other current assets   | 3,063           | 178             |
| Inventories  | (3,584)         | (9,211)         |
| Payables due to suppliers  | (2,206)         | (85)            |
| Other current liabilities  | (627)           | 2,712           |
| Income taxes paid  | (7,072)         | (8,765)         |
| <b>Total adjustments and changes</b>                             | <b>9,725</b>    | <b>(222)</b>    |
| <b>Cash flow from operating activity</b>                         | <b>19,029</b>   | <b>12,193</b>   |
| <b>CASH FLOW USED IN INVESTING ACTIVITIES:</b>                   |                 |                 |
| Investments in intangible fixed assets                           | (1,483)         | (762)           |
| Investments in tangible fixed assets                             | (14,573)        | (5,684)         |
| Other changes in equity investments                              | (24,346)        | (13,209)        |
| <b>Cash flow used in investing activities</b>                    | <b>(40,402)</b> | <b>(19,656)</b> |
| <b>CASH FLOW USED IN FINANCING ACTIVITIES:</b>                   |                 |                 |
| Dividend distribution  | (7,780)         | (5,257)         |
| Net change in medium-/long-term loans                            | 14,183          | 60,084          |
| Net change in short-term loans                                   | (1,515)         | (44,979)        |
| Net change in other financial liabilities                        | 66              | (4,079)         |
| Net change in other non-current liabilities                      | 2               | 1,100           |
| Net change in medium-/long-term tax payables                     | 109             | 87              |
| Net change in other non-current assets                           | 1,866           | (25)            |
| Net change in other financial assets                             | 2,475           | 1,821           |
| Net interest paid  | (2,704)         | (2,625)         |
| Translation differences and other equity movements               | 2,238           | (2,776)         |
| <b>Cash flow used in financing activities</b>                    | <b>8,940</b>    | <b>3,351</b>    |
| Effect of exchange rate differences on cash and cash equivalents | (291)           | (1,555)         |
| <b>Increase (decrease) of cash and cash equivalents</b>          | <b>(12,723)</b> | <b>(5,667)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b>  | <b>65,090</b>   | <b>61,978</b>   |
| <b>Cash and cash equivalents at the end of the period</b>        | <b>52,367</b>   | <b>56,312</b>   |

**Consolidated statement of changes in shareholders' equity as at 30 September 2016**

| (Thousands of Euro)                    | Share capital | Legal reserve | Share premium reserve | Treasury shares | Retained earnings and reserves | Translation reserve | Group shareholders' equity | Profit (loss) of non-controlling interests | Share capital and reserves attributable to non-controlling interests | Total Shareholders' Equity |
|--|---------------|---------------|-----------------------|-----------------|--------------------------------|---------------------|----------------------------|--|--|----------------------------|
| <b>Balance as at 31 December 2015</b>  | <b>11,600</b> | <b>2,320</b>  | <b>32,179</b>         | <b>(20,771)</b> | <b>203,951</b>                 | <b>(24,641)</b>     | <b>204,638</b>             | <b>348</b>                                 | <b>(2,391)</b>   | <b>202,595</b>             |
| Profit for the period                  |               |               |                       |                 | 9,304                          |                     | 9,304                      | 190  |  | 9,495                      |
| Translation difference                 |               |               |                       |                 |                                | 5,444               | 5,444                      |  | 374  | 5,818                      |
| <b>Comprehensive income</b>            |               |               |                       |                 | <b>9,304</b>                   | <b>5,444</b>        | <b>14,748</b>              | <b>190</b>                                 | <b>374</b>   | <b>15,313</b>              |
| Dividend distribution                  |               |               |                       |                 | (7,780)                        |                     | (7,780)                    |  |  | (7,780)                    |
| Other movements                        |               |               |                       |                 |                                |                     | 0                          |  |  | 0                          |
| <b>Balance as at 30 September 2016</b> | <b>11,600</b> | <b>2,320</b>  | <b>32,179</b>         | <b>(20,771)</b> | <b>205,475</b>                 | <b>(19,197)</b>     | <b>211,606</b>             | <b>190</b>                                 | <b>(1,669)</b>   | <b>210,127</b>             |

**Consolidated statement of changes in shareholders' equity as at 30 September 2015**

| (Thousands of Euro)                    | Share capital | Legal reserve | Share premium reserve | Treasury shares | Retained earnings and reserves | Translation reserve | Group shareholders' equity | Profit (loss) of non-controlling interests | Share capital and reserves attributable to non-controlling interests | Total Shareholders' Equity |
|--|---------------|---------------|-----------------------|-----------------|--------------------------------|---------------------|----------------------------|--|--|----------------------------|
| <b>Balance as at 31 December 2014</b>  | <b>11,600</b> | <b>2,320</b>  | <b>32,179</b>         | <b>(20,771)</b> | <b>194,342</b>                 | <b>(15,876)</b>     | <b>203,794</b>             | <b>433</b>                                 | <b>(2,604)</b>   | <b>201,623</b>             |
| Profit for the period                  |               |               |                       |                 | 12,415                         |                     | 12,415                     | 245  |  | 12,660                     |
| Translation difference                 |               |               |                       |                 |                                | (8,457)             | (8,457)                    |  | (2)  | (8,459)                    |
| <b>Comprehensive income</b>            |               |               |                       |                 | <b>12,415</b>                  | <b>(8,457)</b>      | <b>3,958</b>               | <b>245</b>                                 | <b>(2)</b>   | <b>4,201</b>               |
| Dividend distribution                  |               |               |                       |                 | (5,257)                        |                     | (5,257)                    |  |  | (5,257)                    |
| Other movements                        |               |               |                       |                 | (62)                           |                     | (62)                       |  |  | (62)                       |
| <b>Balance as at 30 September 2015</b> | <b>11,600</b> | <b>2,320</b>  | <b>32,179</b>         | <b>(20,771)</b> | <b>201,438</b>                 | <b>(24,333)</b>     | <b>202,433</b>             | <b>245</b>                                 | <b>(2,173)</b>   | <b>200,505</b>             |

## List of consolidated companies as at 30 September 2016

| Name   | Registered office                   | Reporting date | Currency | Share capital | % ownership |           |           |
|--|-------------------------------------|----------------|----------|---------------|-------------|-----------|-----------|
|  |                                     |                |          |               | direct      | indirect  | total     |
| Nice S.p.A.                                  | Oderzo (Province of Treviso), Italy | 31/12/2016     | EUR      | 11,600,000    |             |           |           |
| Nice UK LTD                                  | Nottinghamshire, United Kingdom     | 31/12/2016     | GBP      | 765,000       | 100.0%      |           | 100.0%    |
| Nice Belgium S.A.                            | Hervelee, Belgium                   | 31/12/2016     | EUR      | 212,000       | 99.7%       |           | 99.7%     |
| Nice Polska S.p. Z.o.o.                      | Pruszkov, Poland                    | 31/12/2016     | PLN      | 1,000,000     | 100.0%      |           | 100.0%    |
| Nice Automatismos Espana S.A.                | Mostoles, Madrid, Spain             | 31/12/2016     | EUR      | 150,253       | 60.0%       |           | 60.0%     |
| Nice Group USA Inc.                          | San Antonio, Texas, USA             | 31/12/2016     | USD      | 1             | 100.0%      |           | 100.0%    |
| Nice France S.a.s.                           | Aubagne, France                     | 31/12/2016     | EUR      | 4,950,000     | 100.0%      |           | 100.0%    |
| S.C. Nice Romania S.A.                       | Bucharest, Romania                  | 31/12/2016     | RON      | 383,160       | 99.0%       |           | 99.0%     |
| Nice Deutschland GmbH                        | Billerbeck, Germany                 | 31/12/2016     | EUR      | 50,000        | 100.0%      |           | 100.0%    |
| Nice Shanghai Automatic Control Co. LTD      | Shanghai, China                     | 31/12/2016     | EUR      | 2,300,000     | 100.0%      |           | 100.0%    |
| R.D.P. Shanghai Trading Co. LTD              | Shanghai, China                     | 31/12/2016     | EUR      | 200,000       | 100.0%      |           | 100.0%    |
| Nice Istanbul Makine Ltd                     | Istanbul, Turkey                    | 31/12/2016     | TRY      | 10,560,000    | 99.0%       |           | 99.0%     |
| Nice Australia Home Automation PTY Ltd       | Sydney, Australia                   | 31/12/2016     | AUD      | 5,113,814     | 100.0%      |           | 100.0%    |
| AutomatNice Portugal S.A.                    | Lisbon, Portugal                    | 31/12/2016     | EUR      | 50,000        | 100.0%      |           | 100.0%    |
| Silenatron S.p.A.                            | Turin, Italy                        | 31/12/2016     | EUR      | 500,000       | 100.0%      |           | 100.0%    |
| ET Nice (PTY) LTD                            | Johannesburg, South Africa          | 31/12/2016     | ZAR      | 213,096,975   | 100.0%      |           | 100.0%    |
| Nice Home Automation CJSC                    | Moscow - Russia                     | 31/12/2016     | RUB      | 20,000        | 75.0%       |           | 75.0%     |
| SAAC S.r.l.                                  | Treviso (Italy)                     | 31/12/2016     | EUR      | 25,000        | 100.0%      |           | 100.0%    |
| Fontana Arte S.p.A. (**)                     | Milan (Italy)                       | 31/12/2016     | EUR      | 2,670,000     | 100.0%      |           | 100.0%    |
| FontanaArte Corp. (USA) (**)                 | Wilmington - Delaware (USA)         | 31/12/2016     | USD      | 12,000        |             | 100.0%    | 100.0%    |
| FontanaArte Trading Co. Ltd (**)             | Shanghai (China)                    | 31/12/2016     | CNY      | 1,136,564     |             | 100.0%    | 100.0%    |
| FontanaArte France S.a.S. (**)               | Aubagne, France                     | 31/12/2016     | EUR      | 10,000        |             | 76.0%     | 76.0%     |
| Peccinin Portoes Automaticos Industrial Ltda | Limeira, Brazil                     | 31/12/2016     | BRL      | 24,095,000    | 100.0%      |           | 100.0%    |
| King Gates S.r.l.                            | Pordenone, Italy                    | 31/12/2016     | EUR      | 100,000       | 100.0%      |           | 100.0%    |
| King Gates France SAS                        | Castelnau D'estrefonds              | 31/12/2016     | EUR      | 10,000        |             | 100.0%    | 100.0%    |
| elero GmbH                                   | Beuren, Germany                     | 31/12/2016     | EUR      | 1,600,000     |             | 96.4%     | 96.4%     |
| elero Motors & Controls Pvt. Ltd.            | New Delhi, India                    | 31/12/2016     | INR      | 638,200       |             | 96.4%     | 96.4%     |
| elero Singapore Pte. Ltd.                    | Singapore, China                    | 31/12/2016     | SGD      | 2             |             | 96.4%     | 96.4%     |
| elero AB                                     | Malmo, Sweden                       | 31/12/2016     | SEK      | 100,000       |             | 96.4%     | 96.4%     |
| Nice Gulf FZE                                | Dubai, United Arab Emirates         | 31/12/2016     | AED      | 1,008,000     | 100.0%      |           | 100.0%    |
| ET Systems (Pty) Ltd (***)                   | Cape Town, South Africa             | 28/02/2017     | ZAR      | 150           |             | 100.0%    | 100.0%    |
| Genno Tecnologia LTDA                        | Santa Rita do Sapucaí, Brasil       | 31/12/2016     | BRL      | 5,000         |             | 51.0% (*) | 51.0% (*) |
| Omegaport Equipamentos de Seguranca LTDA     | Toledo (PR), Brasil                 | 31/12/2016     | BRL      | 60,000        |             | 51.0% (*) | 51.0% (*) |
| Hy-Security Gate Inc.                        | Kent, Washington, USA               | 31/12/2016     | USD      | 203,000       |             | 100.0%    | 100.0%    |

(\*) Usufruct right

(\*\*) On October, 14 2016, was finalized the transaction related to the transfer of the operating unit of FontanaArte through incorporation of a new company and the subsequent transfer of the latter to Italian Creation Group S.p.A. (the "Transaction")

(\*\*\*) ET Systems (Pty) Ltd was merged into ET Nice (Pty) Ltd effective 1 September 2016. The former will not survive as a legal entity and relevant procedures are now underway.

**Declaration by the manager responsible for the preparation of the group's accounting documents**

Ex, art, 154-bis paragraph 2 – part IV, title III, heading II, section V-bis of the Legislative Decree February 24, n, 58: “Consolidation act of the regulations in the field of financial brokerage, according to articles 8 and 21 of the law February 6 1996, n. 52”

The undersigned Mrs, Denise Cimolai, the assigned manager to prepare the company accounting documents of the Company Nice S.p.A.

DECLARES

in compliance with the matters laid down by the second paragraph of art, 154-bis of “Consolidation act of the regulations in the field of financial brokerage” that, on the basis of his own knowledge, the Quarterly Report as of 30 September 2016 are consistent with the documental results, books and compulsory entries.

The Assigned Manager to prepare the  
company accounting documents

Mrs Denise Cimolai