

**Consolidated  
Third Quarter 2017 report**

**Nice S.p.A.**

**TheNiceGroup**

**Nice S.p.A.**

**Consolidated Third Quarter Report  
as at 30 September 2017**

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## General Information

### Corporate bodies and information

#### Board of Directors

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

(\*) Powers and attributions, within the limits of the law and of 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 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	Standing Statutory Auditor
Enzo Dalla Riva	Standing Statutory Auditor
David Moro	Alternate Statutory Auditor
Manuela Salvestrin	Alternate Statutory Auditor

#### Control and Risk Committee (\*)

Antonio Bortuzzo	Member
Emanuela Paola Banfi	Member

(\*) the Control and Risk Committee also carries out the functions provided by the Related Parties Regulation

#### Remuneration Committee

Antonio Bortuzzo	Member
Emanuela Paola Banfi	Member

#### Supervisory Board

Antonio Bortuzzo	President
Alberta Figari	Member
Vittorio Gennaro	Member

#### Independent Auditors

BDO Italia S.p.A.

#### Registered office and corporate details

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 Via Pezza Alta, 13 Z.I. Rustignè  
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 Tax Code 02717060277  
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[www.thenicegroup.com](http://www.thenicegroup.com)

#### Investor Relations

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## Introduction

This consolidated interim financial report was prepared in accordance with Article 154-ter of Italian Legislative Decree of 24 February 1998, no. 58, 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 of 15 February 2016, no. 25 became effective, transposing the directive 2013/50/EU amending Directive 2004/109/EC on transparency requirements in relation to information about listed 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 Finance Act within 90 days of the close of the relevant financial year"*.

## Economic and financial highlights of the Nice Group

Financial data (Thousands of Euro)	9M 2017	%	9M 2016	%	Δ %
Revenues	242,780	100.0%	230,036	100.0%	5.5%
Gross profit	130,581	53.8%	122,057	53.1%	7.0%
EBITDA	40,293	16.6%	34,514	15.0%	16.7%
Operating profit/loss	32,827	13.5%	20,777	9.0%	58.0%
<b>Operating profit (EBIT) adjusted (*)</b>	<b>32,827</b>	<b>13.5%</b>	<b>27,583</b>	<b>12.0%</b>	<b>19.0%</b>
Net profit/loss	18,753	7.7%	9,495	4.1%	97.5%
<b>Net profit/loss adjusted (*)</b>	<b>18,753</b>	<b>7.7%</b>	<b>14,434</b>	<b>6.3%</b>	<b>29.9%</b>
Group net profit/loss	18,323	7.5%	9,304	4.0%	96.9%
<b>Group net profit/loss adjusted*</b>	<b>18,323</b>	<b>7.5%</b>	<b>14,244</b>	<b>6.2%</b>	<b>28.6%</b>

(\*) The adjustment at 30 September 2016 was referred to the exclusion of the impairment loss on the FontanaArte trademark as well as the building that housed 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.

Equity data (Thousands of Euro)	30/09/2017	31/12/2016
Net working capital	70,392	62,211
Other current liabilities	0	(8,608)
Fixed assets and other non-current assets	178,751	178,246
Non-current liabilities	(18,132)	(19,537)
<b>Net invested capital</b>	<b>231,011</b>	<b>212,311</b>
Net financial position (cash)	14,297	(5,932)
- of which cash and cash equivalents	(47,344)	(70,552)
- of which financial assets	(3,830)	(4,781)
- of which financial liabilities	65,471	69,402
Shareholders' equity	216,714	218,244
<b>Total financing sources</b>	<b>231,011</b>	<b>212,311</b>

Cash flow data (Thousands of Euro)	9M 2017	9M 2016 *
Cash flow from operating activities	19,020	19,029
Cash flow used in investing activities	(14,696)	(15,578)
Operating free cash flow	4,324	3,452
Acquisitions	(12,737)	(24,346)
<i>Free cash flow</i>	<i>(8,413)</i>	<i>(20,895)</i>
Cash flow used in financing activities	(15,685)	8,463
Effect of exchange-rate changes on cash and cash equivalents	889	(291)
<i>Cash flow of the period</i>	<i>(23,208)</i>	<i>(12,723)</i>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>70,552</b>	<b>65,090</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>47,344</b>	<b>52,367</b>

\* Some items of the Consolidated statement of cash flow as at 30 September 2016 were reclassified for comparability with figures as at 30 September 2017

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.

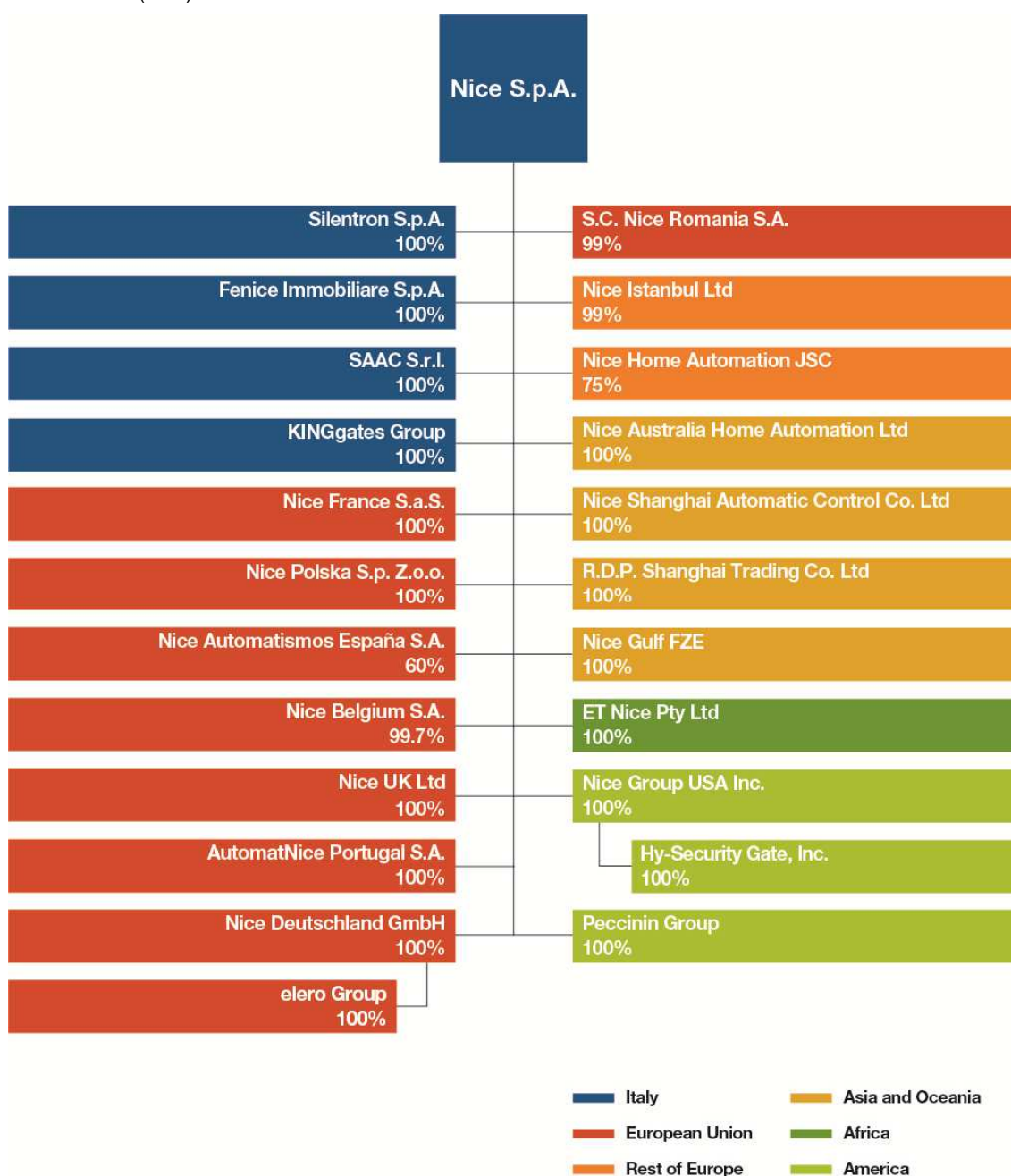
Here below are the alternative performance measures:

- “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 when related to ordinary operations.
- “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).
- “Net financial debt” or “Net financial position” is a measure of the Company’s financial structure and is defined as current and non-current financial debts less cash and cash equivalents.
- “Free cash 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 2017. The Group operates via 31 companies, detailed in the attachments, located as follows:

- *Italy*: Nice S.p.A., Silentron S.p.A., Saac S.r.l., King Gates S.r.l., Fenice Immobiliare S.p.A.;
- *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., S.C. Nice R.E. Romania SRL, AutomatNice Portugal S.A., elero GmbH, elero AB, King Gates France SAS;
- *Rest of Europe*: Nice Istanbul Ltd, Nice Home Automation JSC;
- *Asia and Oceania*: Nice Shanghai Automatic Control Ltd, R.D.P. Shanghai Trading Ltd, Nice Australia Home Automation Ltd, elero Motors & Controls Pvt. Ltd., elero Singapore Pte. Ltd., Nice Gulf FZE;
- *Americas*: Nice Group USA Inc., Hy-Security Gate, Inc., Peccinin Portoes Automaticos Industrial Ltda, Genno Tecnologia LTDA, Omegaport Equipamentos de Seguranca LTDA;
- *Africa*: ET Nice (PTY) LTD.





## Comments on economic and financial results

### Operating performance – Group economic results

Following is the first nine months of 2017 income statement reclassified according to Nice Group's management scheme, including comparison with the same period of the previous year:

(Thousands of Euro)	9M 2017	%	9M 2016	%	Δ %
<b>Revenues</b>	<b>242,780</b>	<b>100.0%</b>	<b>230,036</b>	<b>100.0%</b>	<b>5.5%</b>
Cost of goods sold	(112,199)	-46.2%	(107,979)	-46.9%	
<b>Gross profit</b>	<b>130,581</b>	<b>53.8%</b>	<b>122,057</b>	<b>53.1%</b>	<b>7.0%</b>
Industrial costs	(6,822)	-2.8%	(7,659)	-3.3%	
Marketing costs	(7,142)	-2.9%	(6,255)	-2.7%	
Trade costs	(10,648)	-4.4%	(11,149)	-4.8%	
General costs	(18,414)	-7.6%	(19,096)	-8.3%	
Personnel costs	(47,261)	-19.5%	(43,383)	-18.9%	
<b>Total operating costs</b>	<b>(90,287)</b>	<b>-37.2%</b>	<b>(87,542)</b>	<b>-38.1%</b>	
<b>EBITDA</b>	<b>40,293</b>	<b>16.6%</b>	<b>34,514</b>	<b>15.0%</b>	<b>16.7%</b>
Depreciation, amortisation and impairment	(7,466)	-3.1%	(13,737)	-6.0%	
<b>EBIT</b>	<b>32,827</b>	<b>13.5%</b>	<b>20,777</b>	<b>9.0%</b>	
<b>EBIT adjusted*</b>	<b>32,827</b>	<b>13.5%</b>	<b>27,583</b>	<b>12.0%</b>	<b>19.0%</b>
Financial management and other costs	(3,934)	-1.6%	(2,465)	-1.1%	
<b>Pre-tax profit/loss</b>	<b>28,893</b>	<b>11.9%</b>	<b>18,312</b>	<b>8.0%</b>	
Taxes	(10,141)	-4.2%	(8,817)	-3.8%	
<b>Net profit/loss</b>	<b>18,753</b>	<b>7.7%</b>	<b>9,495</b>	<b>4.1%</b>	
<b>Net profit/loss adjusted*</b>	<b>18,753</b>	<b>7.7%</b>	<b>14,434</b>	<b>6.3%</b>	<b>29.9%</b>
Profit/Loss attributable to non-controlling interests	430	0.2%	190	0.1%	
<b>Group net profit/loss</b>	<b>18,323</b>	<b>7.5%</b>	<b>9,304</b>	<b>4.0%</b>	
<b>Group net profit/loss adjusted*</b>	<b>18,323</b>	<b>7.5%</b>	<b>14,244</b>	<b>6.2%</b>	<b>28.6%</b>

Tax rate

35.1%

48.2%

(\*) The adjustment at 30 September 2016 referred to the exclusion of the impairment loss on the FontanaArte trademark as well as the building that housed 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.

Pursuant to Consob Communication no. 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.

## Consolidated Revenues

In the first nine months of 2017, revenues achieved by the Nice Group, in the specific business of Home and Building Automation, increased by 10.1% at current exchange rates and by 8.5% at constant exchange rates compared to the same period of the previous year. Sales for the period amounted to Euro 242.8 million compared to Euro 220.5 million in the first nine months of 2016, highlighting significant progress in emerging markets and in some historical markets.

### Geographical Sales Breakdown – Home and Building Automation Business<sup>1</sup>

The following is an analysis of performances in the Home and Building Automation business in the first nine months of 2017 compared to the corresponding period of the previous year.

(Thousands of Euro)	9M 2017	%	9M 2016 <sup>(3)</sup>	%	Δ %	Δ % <sup>(2)</sup>
France	32,580	13.4%	30,757	13.9%	5.9%	5.9%
Italy	24,703	10.2%	24,955	11.3%	-1.0%	-1.0%
Europe 15 <sup>(1)</sup>	65,319	26.9%	64,226	29.1%	1.7%	2.3%
Rest of Europe	43,114	17.8%	40,574	18.4%	6.3%	6.1%
Rest of the world	77,065	31.7%	60,026	27.2%	28.4%	22.0%
<b>Total revenues</b>	<b>242,780</b>	<b>100.0%</b>	<b>220,538</b>	<b>100.0%</b>	<b>10.1%</b>	<b>8.5%</b>

(1) Excludes France and Italy

(2) At constant exchange rates

(3) Some items relating to 30 September 2016 were reclassified for comparability with figures as at 30 September 2017

As at 30 September 2017, sales in France totalled Euro 32.6 million in, up 5.9% compared with the same period of the previous year.

In Italy, turnover amounted to Euro 24.7 million, down 1.0% compared to the first nine months of 2016.

Revenues generated in the rest of Europe 15, in the first nine months of 2017 amounted to Euro 65.3 million, up 1.7% at current exchange rates and 2.3% at constant exchange rates compared to the first nine months of the previous year.

With reference to the Rest of Europe, sales totalled Euro 43.1 million, rising 6.3% at current exchange rates and 6.1% at constant exchange rates compared to the corresponding period of the previous year.

In the first nine months of 2017, sales in the Rest of the World, which accounts for 31.7% of Group turnover, grew by 28.4% at current exchange rates and by 22.0% at constant exchange rates, compared to the corresponding period of the previous year, with turnover of Euro 77.1 million.

<sup>1</sup> 2016 results were pro-formed excluding sales in the operating unit FontanaArte.

### **Geographical Sales Breakdown**

For completeness of information, below is the breakdown of revenues by geographical area compared to the overall revenues of the Nice Group in the first nine months of 2016.

In the first nine months of 2017, the Nice Group achieved revenues of Euro 242.8 million, up 5.5% at current exchange rates and 4.0% at constant exchange rates compared to the first nine months of 2016.

(Thousands of Euro)	<b>9M 2017</b>	<b>%</b>	<b>9M 2016 <sup>(3)</sup></b>	<b>%</b>	<b>Δ %</b>	<b>Δ % <sup>(2)</sup></b>
France	32,580	13.4%	32,009	13.9%	1.8%	1.8%
Italy	24,703	10.2%	28,740	12.5%	-14.0%	-14.0%
Europe 15 <sup>(1)</sup>	65,319	26.9%	66,287	28.8%	-1.5%	-0.9%
Rest of Europe	43,114	17.8%	41,091	17.9%	4.9%	4.8%
Rest of the world	77,065	31.7%	61,909	26.9%	24.5%	18.3%
<b>Total revenues</b>	<b>242,780</b>	<b>100.0%</b>	<b>230,036</b>	<b>100.0%</b>	<b>5.5%</b>	<b>4.0%</b>

(1) Excludes France and Italy

(2) At constant exchange rates

(3) Some items relating to 30 September 2016 were reclassified for comparability with figures as at 30 September 2017

### **Profitability Indicators**

In the first nine months of 2017, gross profit (calculated as the difference between revenues and cost of goods sold) totalled Euro 130.6 million, up 7.0% compared to Euro 122.1 million in the first nine months of 2016 and with a margin on turnover of 53.8%, compared to 53.1% in the corresponding period of the previous year.

As at 30 September 2017, EBITDA totalled Euro 40.3 million with a margin on sales of 16.6%, compared to Euro 34.5 million with a 15.0% margin on sales in the first nine months of 2016.

The Group net profit/loss in the first nine months of 2017 was Euro 18.3 million compared to the Group adjusted net profit<sup>2</sup> in the first nine months of 2016 of Euro 14.2 million (Euro 9.3 million reported).

### **Operating performance – Financial position**

Net working capital as at 30 September 2017 amounted to Euro 70.4 million, compared to Euro 62.2 million as at 31 December 2016 and compared to Euro 81.0 million as at 30 September 2016.

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

<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.

(Thousands of Euro)	9M 2017	9M 2016
Net profit/loss	18,753	9,495
Amortisation, depreciation and other non-monetary changes	10,163	12,136
Change in Net working capital	(9,896)	(2,602)
<b>Cash flow from operating activities</b>	<b>19,020</b>	<b>19,029</b>
Investments	(14,696)	(16,056)
<b>Operating free cash flow</b>	<b>4,324</b>	<b>2,974</b>
Acquisitions	(12,737)	(24,346)
<b>Free cash flow</b>	<b>(8,413)</b>	<b>(21,373)</b>
Net Financial Position of the acquired companies	-	147
Dividend paid out	(11,066)	(7,780)
Other changes	(750)	2,567
<b>Subtotal</b>	<b>(11,816)</b>	<b>(5,065)</b>
<b>Changes in the net financial position</b>	<b>(20,229)</b>	<b>(26,438)</b>
<b>Initial net financial position</b>	<b>5,932</b>	<b>541</b>
<b>Final net financial position</b>	<b>(14,297)</b>	<b>(25,897)</b>

The Group's net financial position amounted to Euro -14.3 million, compared to Euro -25.9 million as at 30 September 2016 and compared to Euro +5.9 million as at 31 December 2016.

Following is the Group's net financial position as at 30 September 2017 and as at 31 December 2016:

(Thousands of Euro)	30/09/2017	31/12/2016
A. Cash	15	33
B. Other cash equivalents	47,329	70,519
C. Shares held for trading	0	0
<b>D. Liquidity (A) + (B) + (C)</b>	<b>47,344</b>	<b>70,552</b>
E. Current financial receivables	620	1,268
F. Current bank loans	204	(8,839)
G. Current portion of non-current debt	(21,667)	(5,342)
H. Other current finance payables	(99)	(142)
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>(21,562)</b>	<b>(14,323)</b>
<b>J. Net current financial debt (I) + (E) + (D)</b>	<b>26,402</b>	<b>57,497</b>
Non-current financial receivables (*)	3,210	3,513
K. Non-current bank loans	(43,889)	(55,058)
L. Bonds issued	0	0
M. Other non-current payables	(19)	(21)
<b>N. Non-current financial debt (K) + (L) + (M) (**)</b>	<b>(40,699)</b>	<b>(51,565)</b>
<b>O. Net financial debt (J) + (N)</b>	<b>(14,297)</b>	<b>5,932</b>

(\*) Non-current financial 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 financial receivables.

## **Events after the reporting period**

There were no significant events after the close of the first nine months of 2017.

## **Outlook**

Thanks to the results achieved in the first nine months of 2017, along with the sound financial position that has always characterized 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, 14 November 2017.

**For the Board of Directors**

**The Chairman**

**Lauro Buoro**

**Consolidated Financial Statement as at 30 September 2017****Consolidated statements of financial position as at 30 September 2017 and as at 31 December 2016**

(Thousands of Euro)	30/09/2017	31/12/2016
<b><u>ASSETS</u></b>		
<b>Fixed assets</b>		
Intangible assets	110,757	113,979
Tangible fixed assets	48,978	42,721
Property investments	8,277	8,525
Other fixed assets	4,541	5,609
Deferred tax assets	9,408	10,926
<b>Total non-current assets</b>	<b>181,961</b>	<b>181,759</b>
<b>Current assets</b>		
Inventory	64,728	62,598
Trade receivables	59,973	56,726
Other current assets	2,154	3,584
Tax receivables	8,394	8,139
Other current financial assets	620	1,268
Cash and cash equivalents	47,344	70,552
<b>Total current assets</b>	<b>183,214</b>	<b>202,866</b>
<b>Total assets</b>	<b>365,175</b>	<b>384,626</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Group equity</b>	<b>217,515</b>	<b>219,412</b>
<b>Equity attributable to non-controlling interests</b>	(800)	(1,169)
<b>Total shareholders' equity</b>	<b>216,714</b>	<b>218,244</b>
<b>Non-current liabilities</b>		
Provisions for risks and charges	2,912	1,997
Termination indemnities	3,535	3,735
Medium-/long-term loans	43,889	55,058
Other non-current liabilities	9,413	11,249
Tax payables (over 12 months)	492	469
Provision for deferred tax liabilities	1,799	2,108
<b>Total non-current liabilities</b>	<b>62,041</b>	<b>74,616</b>
<b>Current liabilities</b>		
Bank overdrafts and loans	21,462	14,181
Other financial liabilities	99	142
Trade payables	43,909	49,862
Other current liabilities	10,868	18,829
Tax payables (within 12 months)	10,081	8,753
<b>Total current liabilities</b>	<b>86,420</b>	<b>91,767</b>
<b>Total liabilities</b>	<b>148,461</b>	<b>166,383</b>
<b>Total liabilities and shareholders' equity</b>	<b>365,175</b>	<b>384,626</b>

**Consolidated interim income statement as at 30 September 2017 and 2016**

	<b>9M 2017</b>	<b>9M 2016</b>
<hr/> (Thousands of Euro) <hr/>		
<b>Revenues</b>	<b>242,780</b>	<b>230,036</b>
<b>Operating costs:</b>		
Costs for basic components, ancillary materials and consumables	(105,150)	(99,772)
Cost for services	(42,582)	(44,694)
Rental and lease costs	(6,251)	(6,739)
Personnel costs	(47,261)	(43,383)
Other operating costs	(4,328)	(3,366)
Depreciation and amortisation	(7,466)	(6,931)
Impairment of assets	-	(6,806)
Other income	3,087	2,433
<b>Operating profit/loss</b>	<b>32,827</b>	<b>20,777</b>
Finance income	1,344	2,651
Finance expenses	(5,278)	(5,097)
Other charges	-	(19)
<b>Pre-tax profit/loss</b>	<b>28,893</b>	<b>18,312</b>
Income taxes	(10,141)	(8,817)
<b>Net profit/loss</b>	<b>18,753</b>	<b>9,495</b>
Profit/Loss attributable to non-controlling interests	430	190
<b>Group net profit/loss</b>	<b>18,323</b>	<b>9,304</b>

<b>Consolidated earnings per share</b>	<b>9M 2017</b>	<b>9M 2016</b>
<hr/> (Thousands of Euro) <hr/>		
Average number of shares	110,664,000	110,664,000
Group net profit/loss	18,323	9,304
<hr/> Data per share (Euro) <hr/>		
Basic, for net profit attributable to ordinary shareholders of the parent company	0.16557	0.08408
Diluted, for net profit attributable to ordinary shareholders of the parent company	0.16557	0.08408

**Consolidated interim comprehensive income statement as at 30 September 2017 and 2016**

	9M 2017	9M 2016
<hr/> (Thousands of Euro) <hr/>		
<b>Net profit/loss</b>	<b>18,753</b>	<b>9,495</b>
Other items of comprehensive income after taxes reclassified to income statement	(8,921)	5,818
- Exchange differences on translation of foreign financial statements	<u>(8,921)</u>	<u>5,818</u>
<b>Total comprehensive income/loss after taxes</b>	<b><u>9,832</u></b>	<b><u>15,313</u></b>
Attributable to:		
Non-controlling shareholders	368	564
Shareholders of the parent company	9,464	14,748



**Consolidated statement of cash flow as at 30 September 2017 and 2016**

(Thousands of Euro)	9M 2017	9M 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Group net profit/loss</b>	<b>18,323</b>	<b>9,304</b>
Net profit/loss attributable to non-controlling interests	430	190
Income taxes	10,141	8,817
Depreciation, amortisation and impairment	7,466	13,737
Net changes in other provisions	2,697	(1,601)
<b>Changes in current assets and liabilities:</b>		
Decrease/increase in Receivables due from customers	(5,894)	(994)
Other current assets	1,279	3,063
Inventories	(2,588)	(3,584)
Payables due to suppliers	(4,789)	(2,206)
Other current liabilities	778	(627)
Income taxes paid in the period	(8,822)	(7,072)
<b>Total adjustments and changes</b>	<b>697</b>	<b>9,725</b>
<b>Cash flow from operating activities</b>	<b>19,020</b>	<b>19,029</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Investments in intangible fixed assets	(2,572)	(1,483)
Investments in tangible fixed assets	(12,124)	(14,573)
Investments in shareholdings	(12,737)	(24,346)
Interest income collected	252	478
<b>Cash flow used in investing activities</b>	<b>(27,181)</b>	<b>(39,924)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividend distribution	(11,066)	(7,780)
New loans	64,544	15,000
Repayment of loans	(65,310)	(2,331)
Net change in other financial liabilities	(42)	68
Net change in medium-/long-term tax payables	51	109
Net change in other non-current assets	657	1,866
Net change in other financial assets	952	1,997
Interest expense paid	(772)	(2,704)
Translation differences and other changes in equity	(4,949)	2,238
<b>Cash flow used in financing activities</b>	<b>(15,936)</b>	<b>8,463</b>
Effect of exchange rate differences on cash and cash equivalents	889	(291)
<b>Increase/Decrease of cash and cash equivalents</b>	<b>(23,208)</b>	<b>(12,723)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>70,552</b>	<b>65,090</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>47,344</b>	<b>52,367</b>

\* Some items of the Consolidated statement of cash flow as at 30 September 2016 were reclassified for comparability with figures as at 30 September 2017

**Consolidated statement of changes in shareholders' equity as at 30 September 2017**

(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	Non-controlling interests in capital and reserves	Total shareholders' equity
<b>Balance as at 31 December 2016</b>	<b>11,600</b>	<b>2,320</b>	<b>32,179</b>	<b>(20,771)</b>	<b>209,350</b>	<b>(15,266)</b>	<b>219,412</b>	<b>241</b>	<b>(1,410)</b>	<b>218,244</b>
Profit/loss for the period					18,323		18,323	430		18,753
Translation difference						(8,859)	(8,859)		(62)	(8,921)
<b>Comprehensive income</b>					<b>18,323</b>	<b>(8,859)</b>	<b>9,464</b>	<b>430</b>	<b>(62)</b>	<b>9,832</b>
Dividend distribution					(11,066)		(11,066)			(11,066)
Other changes					(296)		(296)			(296)
<b>Balance as at 30 September 2017</b>	<b>11,600</b>	<b>2,320</b>	<b>32,179</b>	<b>(20,771)</b>	<b>216,311</b>	<b>(24,125)</b>	<b>217,514</b>	<b>430</b>	<b>(1,231)</b>	<b>216,714</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	Non-controlling interests in capital and reserves	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/loss 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 changes										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>210,128</b>

## List of consolidated companies as at 30 September 2017

Name	Registered office	Reporting	Currency	Share capital	% ownership		
		date			Direct	Indirect	Total
Nice S.p.A.	Oderzo (Province of Treviso), Italy	31/12/2017	EUR	11,600,000			
Nice UK LTD	Nottinghamshire, United Kingdom	31/12/2017	GBP	765,000	100.0%		100.0%
Nice Belgium S.A.	Hervelee, Belgium	31/12/2017	EUR	212,000	99.7%		99.7%
Nice Polska S.p. Z.o.o.	Pruszkov, Poland	31/12/2017	PLN	1,000,000	100.0%		100.0%
Nice Automatismos Espana S.A.	Mostoles, Madrid, Spain	31/12/2017	EUR	150,253	60.0%		60.0%
Nice Group USA Inc.	San Antonio, Texas, USA	31/12/2017	USD	1	100.0%		100.0%
Nice France S.a.s.	Aubagne, France	31/12/2017	EUR	600,000	100.0%		100.0%
S.C. Nice Romania S.A.	Bucharest, Romania	31/12/2017	RON	383,160	99.0%		99.0%
S.C. Nice Real Estate Romania SRL	Bucharest, Romania	31/12/2017	RON	901,000		100.0%	100.0%
Nice Deutschland GmbH	Billerbeck, Germany	31/12/2017	EUR	50,000	100.0%		100.0%
Nice Shanghai Automatic Control Co. LTD	Shanghai, China	31/12/2017	EUR	2,300,000	100.0%		100.0%
R.D.P. Shanghai Trading Co. LTD	Shanghai, China	31/12/2017	EUR	200,000	100.0%		100.0%
Nice Istanbul Makine Ltd	Istanbul, Turkey	31/12/2017	TRY	10,560,000	99.0%		99.0%
Nice Australia Home Automation PTY Ltd	Sydney, Australia	31/12/2017	AUD	5,113,814	100.0%		100.0%
AutomatNice Portugal S.A.	Lisbon, Portugal	31/12/2017	EUR	50,000	100.0%		100.0%
Silentron S.p.A.	Turin, Italy	31/12/2017	EUR	500,000	100.0%		100.0%
ET Nice (PTY) LTD	Johannesburg, South Africa	31/12/2017	ZAR	22,000,000	100.0%		100.0%
Nice Home Automation JSC	Moscow, Russia	31/12/2017	RUB	20,000	75.0%		75.0%
SAAC S.r.l.	Treviso, Italy	31/12/2017	EUR	25,000	100.0%		100.0%
Fenice Immobiliare S.p.A.	Oderzo (Province of Treviso), Italy	31/12/2017	EUR	2,670,000	100.0%		100.0%
Peccinin Portoes Automaticos Industrial Ltda	Limeira, Brazil	31/12/2017	BRL	32,095,000	100.0%		100.0%
King Gates S.r.l.	Pordenone, Italy	31/12/2017	EUR	100,000	100.0%		100.0%
King Gates France SAS	Castelnau D'estrefonds	31/12/2017	EUR	10,000		100.0%	100.0%
elero GmbH	Beuren, Germany	31/12/2017	EUR	1,600,000		100.0%	100.0%
elero Motors & Controls Pvt. Ltd.	New Delhi, India	31/03/2018	INR	638,200		100.0%	100.0%
elero Singapore Pte. Ltd.	Singapore	31/12/2017	SGD	2		100.0%	100.0%
elero AB	Malmö, Sweden	31/12/2017	SEK	100,000		100.0%	100.0%
Nice Gulf FZE	Dubai, United Arab Emirates	31/12/2017	AED	1,008,000	100.0%		100.0%
Genno Tecnologia LTDA	Santa Rita do Sapucaí, Brazil	31/12/2017	BRL	5,000		100.0%	100.0%
Omegaport Equipamentos de Seguranca LTDA	Toledo (PR), Brazil	31/12/2017	BRL	60,000		51.0% (*)	51.0% (*)
Hy-Security Gate Inc.	Kent, Washington, USA	31/12/2017	USD	200,000		100.0%	100.0%

\* Usufruct right on shares

## Declaration by the Financial Reporting Manager

Pursuant to Article 154-*bis*, paragraph 2 – part IV, title III, heading II, section V-*bis* of the Legislative Decree 24 February, no. 58: “Consolidation act of the regulations in the field of financial brokerage, according to Articles 8 and 21 of the law 6 February 1996, no. 52”

The undersigned Mrs. Denise Cimolai, in her capacity as Financial Reporting Manager of the Company Nice S.p.A.

DECLARES

in compliance with the matters laid down by Article 154-*bis*, paragraph 2, of “Consolidation act of the regulations in the field of financial brokerage” that, on the basis of his own knowledge, the Interim Financial Report as at 30 September 2017 is consistent with all documentary evidence, books and compulsory entries.

The Financial Reporting Manager

Mrs. Denise Cimolai