

**Nice One Beauty Digital Marketing
Company (formerly: Product Sea
Trading Company)
(A Closed Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS AND NINE-MONTHS PERIODS
ENDED 30 SEPTEMBER 2024**

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NICE ONE BEAUTY DIGITAL MARKETING COMPANY (FORMERLY: PRODUCT SEA TRADING COMPANY) (A CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company), A Closed Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Abdullah A. Alshenaibir
Certified Public Accountant
License No. (583)

Riyadh: 4 Jumada Al-Ula 1446H
6 November 2024



Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	<i>Notes</i>	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	86,549,303	62,972,121
Intangible assets		1,278,213	1,422,498
Right-of-use assets		13,539,801	11,582,690
Other non-current assets		466,616	466,616
TOTAL NON-CURRENT ASSETS		101,833,933	76,443,925
CURRENT ASSETS			
Inventories	5	230,615,015	150,784,552
Trade receivables	6	24,403,579	18,871,726
Prepayments, advances and other receivables	7	52,364,429	33,431,851
Due from related parties	15	6,799,847	-
Cash and cash equivalents	8	51,115,589	69,705,549
TOTAL CURRENT ASSETS		365,298,459	272,793,678
TOTAL ASSETS		467,132,392	349,237,603
EQUITY AND LIABILITIES			
EQUITY			
Capital	9	110,000,000	1,063,000
Statutory reserve	10	318,900	318,900
Additional contribution to capital	11	-	27,136,000
Retained earnings		68,230,435	84,152,623
TOTAL EQUITY		178,549,335	112,670,523
NON-CURRENT LIABILITIES			
Long term borrowings	12	9,210,532	13,157,899
Lease liabilities		8,867,869	8,008,752
Employees' defined benefit liability		6,252,656	4,729,208
TOTAL NON-CURRENT LIABILITIES		24,331,057	25,895,859
CURRENT LIABILITIES			
Current portion of long term borrowings	12	5,263,156	5,263,156
Current portion of lease liabilities		3,653,600	3,282,185
Trade payables, accruals and other payables		201,766,848	168,200,064
Short term borrowings	12	49,785,668	23,258,418
Zakat provision	13	3,782,728	2,667,398
Dividend payable	14	-	8,000,000
TOTAL CURRENT LIABILITIES		264,252,000	210,671,221
TOTAL LIABILITIES		288,583,057	236,567,080
TOTAL EQUITY AND LIABILITIES		467,132,392	349,237,603

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine-months periods ended 30 September 2024

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2024 (Unaudited) SR	2023 (Unaudited) SR	2024 (Unaudited) SR	2023 (Unaudited) SR
Revenue	16	237,653,292	167,544,231	696,477,438	512,758,056
Cost of revenue		(174,454,177)	(116,820,871)	(496,260,348)	(355,910,262)
GROSS PROFIT		63,199,115	50,723,360	200,217,090	156,847,794
Selling and marketing expenses		(24,173,459)	(31,355,422)	(94,815,163)	(101,325,157)
General and administrative expenses		(11,589,265)	(9,579,800)	(34,143,847)	(24,763,767)
OPERATING PROFIT		27,436,391	9,788,138	71,258,080	30,758,870
Other income, net		885,328	(176,277)	969,169	2,832,112
Finance cost		(1,208,567)	(796,773)	(3,282,263)	(2,074,519)
PROFIT BEFORE ZAKAT		27,113,152	8,815,088	68,944,986	31,516,463
Zakat		(1,300,000)	(750,000)	(3,066,174)	(2,300,000)
NET PROFIT FOR THE PERIOD		25,813,152	8,065,088	65,878,812	29,216,463
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		25,813,152	8,065,088	65,878,812	29,216,463
Earnings per share – Basic and diluted	20	0.23	0.07	1.11	0.49

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-months period ended 30 September 2024

	<i>Capital SR</i>	<i>Statutory reserve SR</i>	<i>Additional Contribution to Capital SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
As at 1 January 2023 (audited)	1,063,000	318,900	27,136,000	59,963,072	88,480,972
Net profit for the period (unaudited)	-	-	-	29,216,467	29,216,467
Other comprehensive income for the period (unaudited)	-	-	-	-	-
Total comprehensive income (unaudited)	-	-	-	29,216,467	29,216,467
As at 30 September 2023 (unaudited)	<u>1,063,000</u>	<u>318,900</u>	<u>27,136,000</u>	<u>89,179,539</u>	<u>117,697,439</u>
As at 1 January 2024 (audited)	1,063,000	318,900	27,136,000	84,152,623	112,670,523
Net profit for the period (unaudited)	-	-	-	65,878,812	65,878,812
Other comprehensive income for the period (unaudited)	-	-	-	-	-
Total comprehensive income (unaudited)	-	-	-	65,878,812	65,878,812
Increase in capital (note 9)	108,937,000	-	(27,136,000)	(81,801,000)	-
As at 30 September 2024 (unaudited)	<u>110,000,000</u>	<u>318,900</u>	<u>-</u>	<u>68,230,435</u>	<u>178,549,335</u>

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

(A Closed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-months period ended 30 September 2024

	<i>30 Sept 2024</i> <i>(Unaudited)</i>	<i>30 Sept 2023</i> <i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES:		
Profit before zakat	68,944,986	31,516,463
<i>Adjustment to reconcile profit before zakat to net cash inflows:</i>		
Provision (reversal) for expected credit losses on trade receivables	457,086	(368,956)
Provision for inventory obsolescence	2,740,447	2,945,925
Inventories written off	-	975,662
Depreciation on property and equipment	1,717,850	1,755,411
Depreciation on right-of-use assets	2,910,689	2,479,879
Amortization of intangible assets	323,444	345,742
Loss / (gain) on disposal of property and equipment	96,453	(1,936,623)
Gain on termination of lease	(975,705)	(389,832)
Provision for employees' defined benefit liability	1,716,006	1,211,860
Finance costs	3,282,263	2,074,519
	81,213,519	40,610,050
<i>Working capital adjustments:</i>		
Trade receivables	(5,988,939)	(2,890,174)
Prepayments, advances and other receivables	(18,932,578)	(6,077,034)
Inventories	(82,570,910)	(12,302,122)
Due from related parties	(6,799,847)	-
Trade payables, accruals and other payables	33,566,783	(12,223,681)
Cash generated from operations	488,028	7,117,039
Finance cost on bank borrowings paid	(2,418,107)	(1,248,450)
Employees' defined benefit liability paid	(192,559)	(115,153)
Zakat paid	(1,950,844)	(2,294,674)
Net cash (used in)/ from operating activities	(4,073,482)	3,458,762
INVESTING ACTIVITIES:		
Purchase of property and equipment	(28,558,966)	(10,951,221)
Proceeds from disposal of property and equipment	3,167,484	8,271,590
Purchase of intangible assets	(179,159)	(644,983)
Net cash flows used in investing activities	(25,570,641)	(3,324,614)
FINANCING ACTIVITIES:		
Repayment of lease obligations	(3,525,720)	(4,265,736)
Repayment of long-term borrowings	(3,947,367)	(8,140,517)
Proceeds of long-term borrowings	-	5,908,649
Repayment of short-term borrowings	(54,528,877)	(24,149,343)
Proceeds from short-term borrowings	81,056,127	35,000,000
Dividends paid	(8,000,000)	(2,486,660)
Net cash flows generated from financing activities	11,054,163	1,866,393
Net (decrease) / increase in cash and cash equivalents	(18,589,960)	2,000,541
Cash and cash equivalents at the beginning of the period	69,705,549	46,679,827
Cash and cash equivalents at the end of the period	51,115,589	48,680,368
Significant non-cash transactions:		
Increase in capital	108,937,000	-
Addition to lease liabilities and right of use assets	2,282,250	6,727,718
Termination of lease liabilities and right of use assets	529,061	3,118,977

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

1. COMPANY INFORMATION

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company) (the “Group”) is a Closed Joint Stock Company (formerly: Limited Liability Company) registered in Riyadh; Kingdom of Saudi Arabia under Commercial Registration numbered 1010705691 dated 4 Shabaan 1438H (corresponding to 30 April 2017). As at 21 May 2024, Ministry of Commerce approved the conversion of Limited Liability Company to Joint Stock Company. The registered address of the Group is: P.O 5497, Riyadh 51422, Kingdom of Saudi Arabia. The Company is currently in the initial public offering (“IPO”) process which is expected to be finalized during the year ended 31 December 2024.

The Group is engaged in the retail business of perfumes, cosmetics, soap and incense. The Group is practicing its activities through the following branches:

<i>Branch</i>	<i>Registration No.</i>	<i>Registration Date</i>
Product Sea for Accessories Warehouse	1010947279	27 Jumada Al-Alkhirah 1439H (corresponding to 15 March 2018G)
Product Sea for Operation & Maintenance	1010581040	23 Ramadan 1440H (corresponding to 28 May 2019G)
Product Sea for Trading – Alsala	1010591825	21 Dhu Al-Hijjah 1440H (corresponding to 22 August 2019G)

The Group has the following subsidiaries.

	<i>Relationship</i>	<i>Country of Incorporation</i>	<i>Effective ownership</i>		<i>Principal Activity</i>
			September 2024	December 2023	
Bahr Al-Montajat General Trading Co.	Subsidiary	Egypt	100%	100%	Retail business of perfumes, cosmetics, soap and incense
Nice one Perfumes and Cosmetic Trading LLC	Subsidiary	UAE	100%	100%	Retail business of perfumes, cosmetics, soap and incense

The Company has changed its name from Product Sea Trading Company to Nice One Beauty Digital Marketing Company with effect from 30 March 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred as “IAS 34 as endorsed in KSA”).

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 BASIS OF PREPARATION (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

The interim condensed consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting and the going concern assumption concept, except for the valuation of employees' defined benefits liability. The interim condensed consolidated financial statements are presented in Saudi Riyal (SR), except when otherwise indicated, which is also the functional currency of the Company.

2.2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the interim condensed consolidated financial statements of the Company and its subsidiaries (see note 1). The interim condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as that of Group, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

(a) Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all of the following criteria must be met:

- i) the Group has power over an entity.
- ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
- iii) the Group can use its power over the entity to affect the amount of the entity's returns.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the six elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group.

(b) Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 CHANGES TO THE ACCOUNTING POLICIES (continued)

2.3.1 New standards, interpretations and amendments adopted by the Group applicable from 1 January 2024

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

<i>Standard, Amendment or Interpretation</i>	<i>Description</i>	<i>Effective date</i>
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	01 January 2024
- Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	01 January 2024
- Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	01 January 2024
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	01 January 2024 subject to endorsement from SOCPA
- IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	01 January 2024 subject to endorsement from SOCPA

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 CHANGES TO THE ACCOUNTING POLICIES (continued)

2.3.2 Standards and amendments issued and not yet effective

The new amended, issued standards and interpretations, which are not effective yet have not been adopted early by the Group and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date.

<i>Standard, Amendment or Interpretation</i>	<i>Description</i>	<i>Effective date</i>
- Amendments to IAS (21): Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
- Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
- IFRS 18: Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
- IFRS 19 - reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

As at 30 September 2024, management believes that all judgments and sources of estimation uncertainty remain similar to those disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2023.

4. PROPERTY AND EQUIPMENT

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Additions during the period/year	(28,558,966)	21,419,995
Disposals during the period/year	(3,263,937)	(9,762,901)

5. INVENTORIES

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Goods for sale	228,045,158	149,034,738
Packing material	9,801,821	6,357,417
Less: Provision for obsolete inventory	(7,231,964)	(4,607,603)
	230,615,015	150,784,552

Set out below is the movement of provision for obsolete inventory:

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
At the beginning of the period/year	4,607,603	3,278,571
Provision during the period/year	2,740,447	5,016,915
Obsolete stock written-off during the period/year	(116,086)	(3,687,883)
At the end of the period/year	7,231,964	4,607,603

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

6. TRADE RECEIVABLES

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Trade receivables	27,408,487	21,419,548
Less: Allowance for expected credit losses (ECL)	(3,004,908)	(2,547,822)
	<u>24,403,579</u>	<u>18,871,726</u>

Trade receivables are non-interest bearing and are generally on terms of 30 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
At the beginning of the period/year	2,547,822	2,916,777
Charge/ (reversal) during the period/year	457,086	(368,955)
At the end of the period/year	<u>3,004,908</u>	<u>2,547,822</u>

All trade receivables are interest free. Unimpaired trade receivables are expected, based on past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

7. PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Advances to suppliers	34,525,547	23,378,343
Prepaid expenses	11,477,798	5,540,625
VAT receivable	2,522,836	-
Employee receivables	1,900,311	3,087,531
Other receivables	1,937,937	1,425,352
	<u>52,364,429</u>	<u>33,431,851</u>

Nice One Beauty Digital Marketing Company (formerly: Product Sea Trading Company)
(A Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

8. CASH AND CASH EQUIVALENTS

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Bank balances	50,605,695	69,378,296
Cash in hand	509,894	327,253
	<u>51,115,589</u>	<u>69,705,549</u>

9. CAPITAL

The Company's share capital is divided into 110,000,000 shares of SR 1 each (31 December 2023: 1,063 shares of SR 1,000 each).

During the meeting held on 5 May 2024, the shareholders decided to increase the shares of the Company from 1,063 shares with nominal value of SR 1,000 to 110,000,000 shares with a nominal value of SR 1 (the old shares were also subdivided). The decision is based on transferring an amount of SR 81,801,000 from retained earnings and an amount of SR 27,136,000 from additional contribution to capital. The legal formalities have been completed by 30 September 2024.

On 4 July 2024, the shareholders resolved to increase the share capital from 110,000,000 ordinary shares to 115,500,000 ordinary shares of SR 1 each. The legal formalities to affect this increase are yet to be completed.

10. STATUTORY RESERVE

In accordance with the Company's previous article of association, the Company must set aside 10% of its net income in each year until it has built up a reserve equal to 30% of the share capital. The Group may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The reserve is not available for distribution.

11. ADDITIONAL CONTRIBUTION TO CAPITAL

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Omar Ali Alolayan (*)	-	11,002,461
Abdulrahman Ali Alolayan (*)	-	9,930,295
Wagehat Al Hamraa for Investment Company (*)	-	6,203,244
	<u>-</u>	<u>27,136,000</u>

(*) The above-mentioned additional contributions to capital were transferred to share capital during the period ended 30 September 2024 (note 9)

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12 BANK BORROWINGS

12.1 Short-term borrowings

<i>Bank</i>	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Al Rajhi Bank *	28,146,575	14,354,467
SAB Bank *	21,639,093	8,903,951
	49,785,668	23,258,418

* The Group obtained short-term credit facilities from two local banks (Al Rajhi bank and SAB bank) to meet the requirements of working capital, which are guaranteed by personal guarantees provided by shareholders, as stipulated in the loan agreements.

Movement in the short-term borrowings is as follows:

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Balance at beginning of the period/year	23,258,418	24,149,343
Drawn down during the period/year	81,056,127	43,903,951
Repayment during the period/year	(54,528,877)	(44,794,876)
Balance at end of the period/year	49,785,668	23,258,418

12.2 Long-term borrowings

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Al Rajhi Bank (Medium term loan) *	14,473,688	18,421,055
Less: current portion of long-term borrowings	(5,263,156)	(5,263,156)
Non-current portion of long-term borrowings	9,210,532	13,157,899

* The Group has obtained medium term loan (MTL) amounting to SR 27.1 million from Al Rajhi Bank. The loan is due for repayment in 20 equal quarterly instalments of SR 1.315 million per instalment, and the last instalment is due in May 2027. These borrowings are secured against personal guarantees provided by shareholders, as stipulated in the loan agreement.

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12 BANK BORROWINGS (continued)

12.2 Long-term borrowings (continued)

Movement in the long-term borrowings is as follows:

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Balance at beginning of the period/year	18,421,055	21,968,712
Drawn down during the period/year	-	5,908,649
Repayment during the period/year	(3,947,367)	(9,456,306)
Accrued interest during the period/year	220,079	265,436
	14,693,767	18,686,491
Less: accrued interest within current liabilities	(220,079)	(265,436)
Balance at end of the period/year	14,473,688	18,421,055

Below is the repayment schedule of the outstanding long-term borrowings:

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
Within one year	5,263,156	5,263,156
Between two to five years	9,210,532	13,157,899
Total	14,473,688	18,421,055

13. ZAKAT PROVISION

Movement during the period/year:

	<i>30 September 2024 (Unaudited) SR</i>	<i>31 December 2023 (Audited) SR</i>
At the beginning of the period/year	2,667,398	1,962,072
Provided during the period/year (*)	3,842,688	3,000,000
Reversal for the prior year	(776,514)	-
Paid during the period/year	(1,950,844)	(2,294,674)
At the end of the period/year	3,782,728	2,667,398

(*) Zakat provision charged for the period is provisional and is subject to adjustments based on annual results.

Status of assessments

All zakat returns up to year 2023 have been filed by the Group on self-assessment basis under the zakat law and the related implementing regulations. No zakat assessments have been issued by ZATCA till date.

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14. DIVIDEND PAYABLE

During the period ended 30 September 2024, no dividend was declared (31 December 2023: SR 7,526 per share with a total amount of SR 8 million).

Following is the movement in dividends payable account.

	<i>30 September 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
At the beginning of the period/year	8,000,000	4,493,568
Dividend declared during the period/year	-	8,000,000
Settled during the period/year	(8,000,000)	(4,493,568)
	<hr/>	<hr/>
At the end of the period/year	-	8,000,000
	<hr/> <hr/>	<hr/> <hr/>

15. RELATED PARTY BALANCES AND TRANSACTIONS

In the ordinary course of its activities, the Group transacts business with related parties. Related parties include shareholders, members of the board of directors, key management executives and entities controlled or significantly influenced by such parties, which are under common ownership. The transactions are carried out on mutually agreed terms approved by the management of the Group.

15.1 Key Management Personnel Compensation

The remuneration of directors and other key management personnel for the period were as follows:

	<i>For three-months period</i>		<i>For nine-months period</i>	
	<i>30 September 2024</i> <i>(Unaudited)</i> SR	<i>30 September 2023</i> <i>(Unaudited)</i> SR	<i>30 September 2024</i> <i>(Unaudited)</i> SR	<i>30 September 2023</i> <i>(Unaudited)</i> SR
Short term employees' benefits	2,549,400	1,825,440	7,388,954	5,532,050
Post-employment benefits	182,716	171,766	582,036	458,668
	<hr/>	<hr/>	<hr/>	<hr/>
	2,732,116	1,997,206	7,970,990	5,990,718
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15.2 Related parties' balances

The breakdown of amounts due from related parties is as follows:

	<i>30 September 2024</i> <i>(Unaudited)</i> SR	<i>31 December 2023</i> <i>(Audited)</i> SR
Initial Public Offering ("IPO") costs (*)	6,799,847	-
	<hr/>	<hr/>

(*) This amount represents the IPO cost incurred by the Group which is agreed to be reimbursed by the shareholders upon the successful listing process.

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16. REVENUE

	<i>For three-months period 30 September</i>		<i>For nine-months period 30 September</i>	
	2024 <i>(Unaudited)</i> SR	2023 <i>(Unaudited)</i> SR	2024 <i>(Unaudited)</i> SR	2023 <i>(Unaudited)</i> SR
Revenue from sales of goods	228,724,917	160,100,888	669,104,575	490,036,249
Revenue from services	8,928,375	7,443,343	27,372,863	22,721,807
	237,653,292	167,544,231	696,477,438	512,758,056

16.1 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by type of category and timing of revenue recognition as shown below:

	<i>For three-months period 30 September</i>		<i>For nine-months period 30 September</i>	
	2024 <i>(Unaudited)</i> SR	2023 <i>(Unaudited)</i> SR	2024 <i>(Unaudited)</i> SR	2023 <i>(Unaudited)</i> SR
Category				
Local sales	225,530,261	161,207,905	664,964,785	490,160,436
International sales	12,123,031	6,336,326	31,512,653	22,597,620
	237,653,292	167,544,231	696,477,438	512,758,056
	<i>For three-months period 30 September</i>		<i>For nine-months period 30 September</i>	
	2024 <i>(Unaudited)</i> SR	2023 <i>(Unaudited)</i> SR	2024 <i>(Unaudited)</i> SR	2023 <i>(Unaudited)</i> SR
Timing of revenue recognition				
At a point in time	237,653,292	167,544,231	696,477,438	512,758,056

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17. COMMITMENTS

Significant capital expenditure contracted for as at the end of the reporting period but not recognized as liabilities is as follows:

	<i>30 September 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Commitments for capital expenditure	5,173,175	14,352,122

18. FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets mainly consist of bank balances, trade receivables, and certain other current assets. Its financial liabilities mainly consist of trade payables, long term and short term borrowings, lease liabilities and accruals.

The management has assessed that fair value of bank balances, trade and other receivables, trade payables, accruals and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

18.1 Financial Assets

Financial assets measured at amortised cost

	<i>30 September 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Trade receivables	24,403,579	18,871,726
Cash and cash equivalents	51,115,589	69,705,549
Employee receivables	1,900,311	3,087,531
Refundable deposits	466,616	466,616
Other receivables	1,937,937	1,425,352
Total financial assets at amortised cost	79,824,032	93,556,774

Financial liabilities measured at amortised cost

	<i>30 September 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Trade and other payables	197,001,259	161,077,205
Short-term borrowings	49,785,668	23,258,418
Long term borrowings	14,473,688	18,421,055
Lease liabilities	12,521,469	11,290,937
Total financial liabilities measured at amortised cost	273,782,084	214,047,615

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19. SEGMENTAL INFORMATION

Currently, the Group's Chief Operating Decision Maker (which is the Board of Directors) considers the entire operations as one single operating segment.

20. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the period over the weighted average number of shares during the period.

	<i>For three-months period 30 September</i>		<i>For nine-months period 30 September</i>	
	2024	2023	2024	2023
	(Unaudited)	<i>(Unaudited)</i>	(Unaudited)	<i>(Unaudited)</i>
	SR	SR	SR	SR
Net profit for the period	25,813,152	8,065,088	65,878,812	29,216,463
Weighted average number of shares - basic and diluted	110,000,000	110,000,000	59,416,547	59,416,547
Earnings per share	0.23	0.07	1.11	0.49

There has been no item of dilution affecting the weighted average number of shares.

21. INTERIM RESULTS

The results of operations for the interim period may not be an accurate indication of the results of the full year operations.

22. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements of the Group were authorised for issuance in accordance with the Board of Directors' resolution dated 4 Jumada Al-Ula 1446H (corresponding to 6 November 2024).