

Registration number: 04224736

Nectar 360 Limited

Annual Report and Financial Statements

for the Period from 3 March 2024 to 1 March 2025

Nectar 360 Limited

Company Information

Directors A Rasekh
 H Neely

Company secretary Sainsbury's Corporate Secretary Limited

Registered office 33 Charterhouse Street
 London
 EC1M 6HA

Auditors Ernst & Young LLP
 Statutory Auditor
 4th Floor
 2 Marischal Square
 Broad Street
 Aberdeen
 AB10 1BL

Nectar 360 Limited

Strategic Report for the Period from 3 March 2024 to 1 March 2025

The Directors present their report for the period from 3 March 2024 to 1 March 2025.

Principal activities and review of business

The Company's profit for the financial year was £19,673 thousand (2024: £20,417 thousand). The financial position as at 1 March 2025 is shown in the balance sheet set out on page 12.

The Company's principal activity during the period continued to be the management of the Nectar customer loyalty rewards programme.

All material operations are carried out in the United Kingdom.

The key performance indicators used to manage the business are revenue and earnings before interest, tax, depreciation and amortisation ('EBITDA'), calculated as operating profit with depreciation, amortisation and impairments added back.

Revenue increased during the financial period ended 1 March 2025. The EBITDA for the current period was £26,769,000 compared to £26,217,000 in the prior period.

A full review of the business and future developments can be found in the 2025 Annual Report and Financial Statements of J Sainsbury plc, ('the Group'), the ultimate parent undertaking, on the following website: www.about.sainsburys.co.uk.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 54 to 62 of the Group's Annual Report and Financial Statements 2025, which does not form part of this report.

Financial risk management

The financial risk management and policies of the Group, which include those of the Company, are disclosed in note 28 on pages 176 to 184 of the Group's Annual Report, which does not form part of this report.

Section 172(1) statement

The Board believes that it has acted in accordance with Section 172(1) of the Companies Act 2006 during the year ended 1 March 2025. This requires each Director to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard to the interest of other stakeholders, whilst maintaining high standards of business conduct.

The Company is a wholly-owned subsidiary of J Sainsbury plc and its stakeholder engagement is integrated within the governance framework of J Sainsbury plc and its subsidiaries (the 'Group'). During the year, the Directors continued to focus on engagement with the Company's stakeholders, most notably the Group and corporate customers. It is the day-to-day responsibility of individual Directors to engage with stakeholders relevant to their roles in the Group.

The following disclosure provides further detail on how the Directors have engaged with stakeholders.

Nectar 360 Limited

Strategic Report for the Period from 3 March 2024 to 1 March 2025 (continued)

Who are our stakeholders?	How do we engage with them?
<p>The Group</p>	<p>Through the Group Operating Board and other Group Committees detailed in the 2025 Group's Annual Report on page 77.</p>
<p>Collectors</p> <p>Over two-thirds of the total retail shoppers in the UK have shopped with Sainsbury's over the last year. More customers are choosing us for their big weekly shop and we now have 24 million active Nectar users.</p>	<p>The Company's customer engagement activities are integrated within the Group activities. These include:</p> <ul style="list-style-type: none"> • 2.9 million responses this year across all of our Sainsbury's and Argos customer feedback programmes • Nectar data, which helps us understand how customers are shopping Store working and store visits • Qualitative customer focus groups and quantitative surveys Social media listening • Brand tracking, which assesses the performance and perception of our different brands • I Care, a satisfaction survey which helps us understand the overall shopping experience for our customers
<p>Colleagues</p> <p>Our colleagues include everyone who is employed by the business.</p>	<p>The Company's colleague engagement activities are integrated within the Group activities. These include:</p> <ul style="list-style-type: none"> • Regular Non-Executive Director, Chief Executive and Operating Board meetings with our workforce advisory panel, the National Make It Better Together group, to directly understand the views of colleagues from across the business via their elected peers • Operating Board Director listening sessions to provide an opportunity to hear directly from colleagues across the business • Continual two-way communication through internal channels, including monthly live presentations, question and answer sessions and internal social media discussions with the Operating Board • Honest, confidential colleague feedback on what it is like to work for the business through our We're Listening colleague engagement survey, and regular pulse surveys • Colleague feedback through topic-specific 'temperature' check surveys throughout the year, helping us to understand colleagues' views and sentiments • Regular updates provided to the Board and its Committees on culture, engagement, diversity, equity and inclusion, colleague pay and benefits and talent and succession

Nectar 360 Limited

Strategic Report for the Period from 3 March 2024 to 1 March 2025 (continued)

Who are our stakeholders?	How do we engage with them?
<p>Suppliers Our GNFR suppliers provide operational excellence and access to new technology and innovation that ensures we keep pace with the evolving and changing needs of our business.</p>	<p>The Company's supplier engagement activities are integrated within the Group activities. These include:</p> <ul style="list-style-type: none"> • Publishing journals, newsletters and video content to ensure suppliers have access to and can understand our Next Level Sainsbury's strategy • Providing free-to-air events such as our Supplier Trade Briefing event in May 2024 from our Operating Board, Food Commercial Leadership team and Category teams to ensure we are delivering key messages • Hosting supplier networking sessions to give suppliers a dedicated opportunity to spend more time collaborating in person with our category teams • Taking part in annual, independent surveys which benchmarked us against other retailers and highlighted areas for improvement; these included the Advantage survey and the Groceries Supply Code of Practice supplier survey • Clear requirements for suppliers through supplier sourcing manuals, including our Plan for Better requirements Publishing our Modern Slavery Statement to ensure suppliers understand the importance of preventing Modern Slavery and human trafficking to our business • Collaboration with agricultural suppliers on sustainability through action groups and our Sainsbury's Dairy Development Group and newly formed Egg Group

Further details on how the Group engaged with its stakeholders, can be found in the 2025 Annual Report for J Sainsbury plc on pages 24 to 30 (S172).

As per Section 54(1) of the Modern Slavery Act 2015, our Slavery and Human Trafficking Statement is published annually on our Group website. The statement covers the activities of the Group and details the steps taken during the year ended 1 March 2025 to prevent modern slavery and human trafficking in our own operations and supply chains.

Approved by the board on 4 September 2025 and signed on its behalf by:

Amir Rasekh

[Amir Rasekh \(Sep 4, 2025 20:16:13 GMT+1\)](#)

A Rasekh
Director

Nectar 360 Limited

Directors' Report for the Period from 3 March 2024 to 1 March 2025

The directors present their report and the audited financial statements of Nectar 360 Limited (the 'Company') for the period from 3 March 2024 to 1 March 2025. The prior financial year's financial statements were for the period from 5 March 2023 to 2 March 2024.

Dividends

During the financial year, there were no dividends recommended or paid (2024: nil).

Going concern

The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of 12 months from the date on which these financial statements are signed.

The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

Directors of the Company

The directors, who held office during the period, were as follows:

A Rasekh

H Neely

S Burston (ceased 9 December 2024)

Company secretary

The Company Secretary of the Company who held office during the financial year and up to the date of signing the financial statements is shown below:

Sainsbury's Corporate Secretary Limited

Directors' indemnities

The Directors are entitled to be indemnified by the ultimate parent company, J Sainsbury plc, to the extent permitted by law and the Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The parent company purchased and maintained Directors' and Officers' liability insurance throughout 2024/25, which has been renewed for 2025/26. The insurance covers all Directors and Officers of companies in the J Sainsbury plc Group. Neither the indemnities nor the insurance provides cover if the Director is proved to have acted fraudulently.

Directors' liabilities

During the year and up to the date of approval of the financial statements the Company maintained liability insurance for its directors. The Group also maintains third party indemnification provisions for certain directors, under which the Group has agreed to indemnify those directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies. These indemnities are Qualifying Third Party Indemnity Provisions as defined in Section 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Group during business hours on any weekday except public holidays.

Nectar 360 Limited

Directors' Report for the Period from 3 March 2024 to 1 March 2025 (continued)

Employment policies

The Company values the different perspectives, experiences and abilities of all our colleagues. We ensure that those living with a disability or long-term health condition are fully and fairly considered for employment with the Company through well-developed policies for the equal treatment of all. We have a workplace adjustments process in place for our colleagues who find themselves with a disability or long-term health condition; workplace adjustments can be made at any point during a colleague's employment with us. We are committed to providing equal opportunities for all colleagues and applicants through training, development and promotion. Further information can be found in the Strategic report in the Annual Report and Financial Statements 2025 of J Sainsbury plc ("Group Annual Report"), which does not form part of this report, for further information on our diversity strategy.

Ethical policies

The Company takes bribery extremely seriously and is committed to ensuring compliance with laws and regulations. Colleagues are expected to abide by a set of clearly communicated formal policies, such as the Ethical Supplier Policy and the Conflicts of Interest/ Relationships at Work Policy. Training in support of these policies is provided to colleagues especially in the commercial divisions, firstly during their induction into the Company and thereafter through annual refreshers.

Corporate responsibility and Sustainability

The Company's ultimate parent has developed a wide variety of projects and policies to meet the needs of stakeholders under the heading 'Corporate Responsibility and Sustainability'. Further details can be found page 92 of the Group Annual Report, which does not form part of this report.

Donations

The Company made no political donations in 2025 (2024: £nil). See page 122 of the Group Annual Report, which does not form part of this report, for details of J Sainsbury plc and its subsidiaries' (the 'Group's') political donations.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Independent auditors

In accordance with Section 485 of the Companies Act 2006, the Company passed a resolution on 1 September 2025 to appoint PricewaterhouseCoopers LLP as auditors of the Company with effect from 2 March 2025. The current auditors Ernst & Young LLP, have confirmed that they will not seek reappointment.

Approved by the board on 4 September 2025 and signed on its behalf by:

Amir Rasekh

[Amir Rasekh \(Sep 4, 2025 20:16:13 GMT+1\)](#)

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A Rasekh
Director

Nectar 360 Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with law and those regulations.

By order of the Board:

Helen Neely

[Helen Neely \(Sep 4, 2025 17:03:40 GMT+1\)](#)

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H Neely

Director

4 September 2025

Nectar 360 Limited

Independent Auditor's Report to the Members of Nectar 360 Limited

Opinion

We have audited the financial statements of Nectar 360 Limited for the year ended 01 March 2025 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 13, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 01 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised to issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Nectar 360 Limited

Independent Auditor's Report to the Members of Nectar 360 Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Nectar 360 Limited

Independent Auditor's Report to the Members of Nectar 360 Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101, the Companies Act 2006 and relevant UK tax compliance regulations.
- We understood how Nectar 360 Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, internal audit reports and through consideration of the results of our audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of those responsible for legal and compliance procedures, internal audit and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and financial statements with all applicable reporting requirements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Tom Sanders (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

5 September 2025

Nectar 360 Limited**Income Statement for the Period from 3 March 2024 to 1 March 2025**

	Note	2025 £ 000	2024 £ 000
Revenue	4	42,632	46,326
Cost of sales		<u>(8,045)</u>	<u>(13,720)</u>
Gross profit		34,587	32,606
Administrative expenses		<u>(9,187)</u>	<u>(8,261)</u>
Operating profit	5	<u>25,400</u>	<u>24,345</u>
Profit before tax		25,400	24,345
Income tax expense	9	<u>(5,727)</u>	<u>(3,928)</u>
Profit for the period		<u><u>19,673</u></u>	<u><u>20,417</u></u>

The above results were derived from continuing operations.

There was no other comprehensive income or expense during the financial year or the prior financial year.

The notes on pages 14 to 24 form an integral part of these financial statements.

Nectar 360 Limited**(Registration number: 04224736)****Statement of Financial Position as at 1 March 2025**

	Note	2025 £ 000	2024 £ 000
Assets			
Non-current assets			
Intangible assets	8	1,972	2,088
Deferred tax assets	9	2,625	3,199
		<u>4,597</u>	<u>5,287</u>
Current assets			
Trade and other receivables	10	458,082	336,472
Cash and cash equivalents		791	2,863
		<u>458,873</u>	<u>339,335</u>
Total assets		<u><u>463,470</u></u>	<u><u>344,622</u></u>
Equity and liabilities			
Equity			
Share capital	11	82	82
Share premium reserve		30,632	30,632
Retained earnings		(45,463)	(65,135)
		<u>(14,749)</u>	<u>(34,421)</u>
Current liabilities			
Trade and other payables	12	200,487	93,874
Taxes payable		10,101	8,475
Deferred income		267,631	276,694
		<u>478,219</u>	<u>379,043</u>
Total equity and liabilities		<u><u>463,470</u></u>	<u><u>344,622</u></u>

The financial statements on pages 11 to 24 were approved by the board on 4 September 2025 and signed on its behalf by:

Helen Neely
[Helen Neely \(Sep 4, 2025 17:03:40 GMT+1\)](#)

 H Neely
 Director

The notes on pages 14 to 24 form an integral part of these financial statements.

Nectar 360 Limited**Statement of Changes in Equity for the Period from 3 March 2024 to 1 March 2025**

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 3 March 2024	82	30,632	(65,136)	(34,422)
Profit for the period	-	-	19,673	19,673
Total comprehensive income	-	-	19,673	19,673
At 1 March 2025	<u>82</u>	<u>30,632</u>	<u>(45,463)</u>	<u>(14,749)</u>

	Share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total £ 000
At 5 March 2023	82	30,632	1,001	(86,553)	(54,838)
Profit for the period	-	-	-	20,417	20,417
Total comprehensive income	-	-	-	20,417	20,417
Capital contribution redistribution	-	-	(1,001)	1,001	-
At 2 March 2024	<u>82</u>	<u>30,632</u>	<u>-</u>	<u>(65,135)</u>	<u>(34,421)</u>

The notes on pages 14 to 24 form an integral part of these financial statements

Nectar 360 Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales under the Companies Act 2006.

The address of its registered office is:
33 Charterhouse Street
London
EC1M 6HA

For the 52 weeks ended 1 March 2025 the Company's registered address was 33 Holborn, London EC1N 2HT, the registered address of the Company changed to 33 Charterhouse Street, London, EC1M 6HA with effect from 18 June 2025.

The Company is part of J Sainsbury plc (the 'Group').

The Company's financial year represents the 52 weeks to 1 March 2025 (2024: 52 weeks to 2 March 2024).

2 Material accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are prepared in accordance with United Kingdom Accounting standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the Standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition measurement and disclosure requirements of adopted International Financial Reporting Standards (IFRS).

The Company is a qualifying entity for the purposes of FRS 101. The results of the Company are consolidated into the Annual Report and Financial Statements 2025 of J Sainsbury plc, available on the Group's website.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Companies Act and related regulations. These amendments had no impact on the Statement of comprehensive income, Balance sheet or Statement of changes in equity for the Company for the year ended 1 March 2025.

The financial statements are presented in pound sterling, rounded to the nearest thousand (£000) unless otherwise stated. They have been prepared on a going concern basis under the historical cost convention.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Nectar 360 Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Amendments to published standards

Effective for the Company in these financial statements:

The Company has considered the following amendments to published standards that are effective for the Company for the financial year beginning 6 March 2022 and concluded that they are either not relevant to the Group or that they do not have a significant impact on the Group's financial statements other than disclosures.

- Amendments to IFRS 16: Lease liability in a sale and leaseback
- Amendments to IAS 1: Classification of liabilities as current or non-current and non-current liabilities with covenants
- Amendments to IAS 7 and IFRS 7: Supplier finance arrangement

Standards and revisions effective for future periods:

The following standards and revisions will be effective for future periods:

- Amendments to IAS 21: Lack of exchangeability
- Amendments to IFRS 9 and IFRS 7: Classification and measurement of financial instruments
- IFRS 18: Presentation and disclosure in financial statements
- IFRS 19: Subsidiaries without public accountability
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company has considered the impact of the above standards and revisions and have concluded that, the adoption of the above standards and interpretations, with the exception of the adoption of IFRS 18 and IFRS 19, is not expected to lead to any changes to the accounting policies nor to have any impact, or any material impact on the Company's financial statements. The impact of IFRS 18 and IFRS 19, subject to UK endorsement, is still under assessment.

Summary of disclosure exemptions

In these financial statements, the Company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - Paragraph 79(a)(iv) of IAS 1,
 - Paragraph 73(e) of IAS 16, 'Property, plant and equipment', and
 - Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).

Nectar 360 Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information);
 - 111 (statement of cash flows information), and
 - 134-136 (capital management disclosures).
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).

Going concern

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared on the going concern basis on the grounds that the ultimate parent company, J Sainsbury plc has confirmed its present intention to provide financial support such that the Company is able to repay its liabilities as they fall due for a period of 12 months from the date on which these financial statements are signed.

The assessment period for the purposes of considering going concern is the 12 months from the date on which these financial statements are signed.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 3 March 2024 have had a material effect on the financial statements.

Nectar 360 Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Revenue

Recognition

The Company derives its cash inflows primarily from the issuance of Nectar points to collectors and programme support fees (PSF) received from partners. The consideration received from partners on the sale of Nectar points is deferred and recognised as revenue either upon the redemption of Nectar points by collectors or in accordance with the accounting policy for breakage.

Revenue that is recognised once the Nectar points have been redeemed in exchange for rewards is calculated based on the weighted average revenue per point from historical consideration received and applied to the number of Nectar points redeemed in a given year. The revenue arising from these transactions is presented net of the related redemption costs as the Company is considered to be an agent rather than a principal.

Breakage represents management's estimate of points issued that will never be redeemed. As points issued under the programme do not expire, such estimates are subject to uncertainty. Breakage is estimated by management based on the terms and conditions of membership and historical accumulation and redemption patterns, and adjusted for changes to any terms and conditions that may affect members' redemption patterns.

Breakage revenue is recognised as points are redeemed by members. The breakage estimate is applied to the total consideration received on the sale of Nectar points to ascertain the amount of revenue and points to be deferred in respect of breakage. This deferred breakage revenue is then recognised by applying the number of points redeemed in a period as a percentage of those outstanding points deferred which are anticipated to redeem.

A change in the breakage estimate is accounted for prospectively within revenue.

PSF are disaggregated against individual performance obligations. These fees are recognised on a straight-line basis over the term of the agreement with the relevant party.

Contract assets

Contract assets relate to the incremental costs of obtaining and completing a contract with a customer. Under IFRS 15 these costs are capitalised and deferred over the period to which performance obligations are performed and revenue is earned. Judgement is applied by management when determining what costs qualify to be capitalised, in particular whether these costs are incremental and whether they are expected to be recoverable.

Deferred Revenue

Deferred revenue represents the gross consideration received from the sale of Nectar points to its Partners, being commercial partners that purchase coalition loyalty services. As the Company acts as agent in the provision of redemption services to customers any margin earned is recognised as revenue rather than the gross amount included in deferred revenue.

Current tax

Current tax is accounted for on the basis of tax laws enacted or substantively enacted at the balance sheet date. Current tax is charged or credited to the income statement, except when it relates to items charged to equity or other comprehensive income, in which case the current tax is also dealt with in equity, or other comprehensive income, respectively.

Nectar 360 Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

Intangible work in progress is held at cost less any recognised provision for impairment. Intangible work in progress is not amortised.

Amortisation

Internally generated computer software is capitalised and depreciated from the date of completion of the project. Amortisation is calculated on a straight line basis over the estimated useful lives of the related assets as follows:

Asset class	Amortisation method and rate
Computer software	3 financial periods

Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current accounts with banks, and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the financial statements.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Other receivables comprise deposits and advances to suppliers.

Trade and other receivables are non-interest bearing and are on commercial terms. They are initially recognised at fair value and subsequently measured at amortised cost less allowances for expected credit losses, using the simplified approach under IFRS 9, with adjustments for factors specific to each receivable.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Nectar 360 Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

2 Material accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments

Financial assets

Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Impairment of financial assets

Loan loss impairments are accounted for using a forward-looking expected credit loss (ECL) approach in line with IFRS 9. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. For trade receivables, the Company establishes provisions against trade receivables to reflect the lifetime expected credit loss, consistent with the simplified approach under IFRS 9.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted on an active market.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those which are significant to the Company are discussed separately below:

Significant judgements

Breakage estimation

Breakage represents management's estimate of points issued that will never be redeemed. As points issued under the programme do not expire, such estimates are subject to uncertainty. Breakage is estimated by management based on the terms and conditions of membership and historical accumulation and redemption patterns, and adjusted for changes to any terms and conditions that may affect members' redemption patterns. A change in the breakage estimate is accounted for prospectively within revenue.

In the prior period ended 2 March 2024, the breakage estimate was reviewed and increased by 0.04% leading to a corresponding decrease in the deferred liability balance of £1.4 million. If the breakage estimate used in determining the deferred revenue for the Company had been 1% lower, the deferred points liability would have been £48 million higher. If the breakage estimate had been 1% higher, the deferred points liability would have been £49 million lower.

Nectar 360 Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

4 Turnover

The analysis of the Company's turnover for the period from continuing operations is as follows:

	2025	2024
	£ 000	£ 000
Other revenue	<u>42,632</u>	<u>46,326</u>

5 Operating profit

The auditors' remuneration, in the current and prior financial year was £22,750 (2024: £22,500), and has been borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company.

6 Employees and Directors' remuneration

All of the Directors are also employees of the ultimate parent company, J Sainsbury plc, or other Group companies. The Directors' emoluments are borne by Sainsbury's Supermarkets Ltd, a Group company that makes no recharge to the Company. It is not possible to make an accurate apportionment of the Directors' emoluments as they serve as Directors to a number of Group companies. Accordingly, the income statement does not include emoluments in respect of the Directors.

7 Staff costs

The aggregate payroll costs were as follows:

	2025	2024
	£ 000	£ 000
Wages and salaries	5,033	4,698
Social security costs	478	371
Pension costs, defined benefit scheme	<u>237</u>	<u>193</u>
	<u>5,748</u>	<u>5,262</u>

The average number of persons employed by the Company (including Directors) during the period, analysed by category was as follows:

	2025	2024
	No.	No.
Full-time employed	<u>267</u>	<u>252</u>

Nectar 360 Limited**Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025
(continued)****8 Intangible assets**

	Computer software £ 000	Total £ 000
Cost or valuation		
At 3 March 2024	29,632	29,632
Additions	1,253	1,253
At 1 March 2025	<u>30,885</u>	<u>30,885</u>
Amortisation		
At 3 March 2024	27,544	27,544
Amortisation charge	1,369	1,369
At 1 March 2025	<u>28,913</u>	<u>28,913</u>
Carrying amount		
At 1 March 2025	<u>1,972</u>	<u>1,972</u>
At 2 March 2024	<u>2,088</u>	<u>2,088</u>

9 Income tax

The income tax expense for the financial year was £5.7 million (2024: £3.9 million).

Tax charged/(credited) in the income statement

	2025 £ 000	2024 £ 000
Current taxation		
UK corporation tax	5,182	4,948
UK corporation tax adjustment to prior periods	(30)	(1,355)
	<u>5,152</u>	<u>3,593</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>575</u>	<u>335</u>
Tax expense in the income statement	<u>5,727</u>	<u>3,928</u>

Nectar 360 Limited**Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025
(continued)****9 Income tax (continued)**

The effective tax rate of 25 percent (2024 - 24.6 percent) is higher than the standard rate of corporation tax in the UK (2024 - higher than the standard rate of corporation tax in the UK) of 25% (2024 - blended rate of 24.55%).

The differences are explained below:

	2025	2024
	£ 000	£ 000
Profit before tax	<u>25,400</u>	<u>24,345</u>
Corporation tax at standard rate	6,350	5,977
Increase/(decrease) in current tax from adjustment for prior periods	215	(1,353)
Decrease from transfer pricing adjustments	<u>(838)</u>	<u>(696)</u>
Total tax charge	<u>5,727</u>	<u>3,928</u>

Deferred tax

Deferred tax assets and liabilities

	Asset	Liability	Net deferred
	£ 000	£ 000	tax
2025			£ 000
Accelerated capital allowances	2,610	-	2,610
Leases	<u>15</u>	<u>-</u>	<u>15</u>
	<u>2,625</u>	<u>-</u>	<u>2,625</u>
2024			Net deferred
	Asset	Liability	tax
	£ 000	£ 000	£ 000
Accelerated capital allowances	3,184	-	3,184
Leases	<u>15</u>	<u>-</u>	<u>15</u>
	<u>3,199</u>	<u>-</u>	<u>3,199</u>

Nectar 360 Limited

Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025 (continued)

9 Income tax (continued)

Deferred tax movement during the period:

	At 3 March 2024 £ 000	Recognised in income £ 000	At 1 March 2025 £ 000
Accelerated capital allowances	3,184	(575)	2,610
Leases	15	-	15
	<u>3,199</u>	<u>(575)</u>	<u>2,625</u>

Deferred tax movement during the prior period:

	At 5 March 2023 £ 000	Recognised in income £ 000	At 2 March 2024 £ 000
Accelerated capital allowances	3,519	(335)	3,184
Leases	15	-	15
	<u>3,534</u>	<u>(335)</u>	<u>3,199</u>

10 Trade and other receivables

	2025 £ 000	2024 £ 000
Current		
Trade receivables	6,468	8,447
Receivables from related parties	449,188	324,816
Prepayments	205	505
Contract costs	-	109
Other receivables	2,221	2,595
	<u>458,082</u>	<u>336,472</u>

Current amounts due from related parties are denominated in pound sterling and are non-interest bearing and payable on demand.

Amounts due from related parties are not considered overdue or impaired.

11 Share capital

Allotted, called up and fully paid shares

	2025		2024	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.01 each	<u>8,158</u>	<u>82</u>	<u>8,158</u>	<u>82</u>

Nectar 360 Limited**Notes to the Financial Statements for the Period from 3 March 2024 to 1 March 2025
(continued)****12 Trade and other payables**

	2025	2024
	£ 000	£ 000
Current		
Trade payables	5,110	4,578
Accrued expenses	9,855	10,450
Amounts due to related parties	185,337	78,695
Other payables	185	151
	<u>200,487</u>	<u>93,874</u>

Current amounts due to related parties are denominated in pound sterling, are non-interest bearing and payable on demand.

13 Parent and ultimate parent undertaking

The company's immediate parent is Nectar EMEA Limited.

The ultimate parent and controlling party is J Sainsbury plc, a company incorporated in the United Kingdom and registered in England and Wales.

The most senior parent entity producing publicly available financial statements is J Sainsbury plc. These financial statements are available upon request from <https://www.about.sainsburys.co.uk/investors>.