Registered Number 01377658 (England & Wales)

DS Smith Limited

Audited Financial Statements for the Year Ended 30 April 2025

Contents

Company information

For the year ended 30 April 2025

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Group strategic report

The Directors present the Group's Strategic report for the year ended 30 April 2025.

DS Smith Limited and its subsidiaries ('the Group') is an international packaging Group that offers sustainable, plastic-free packaging, integrated recycling services and sustainable paper products in more than 30 countries, primarily in Europe. The Group combined with International Paper through an all-share combination on 31 January 2025 to create a new global leader in sustainable packaging solutions. The Group has continuing operations in three geographic segments: Northern Europe, Southern Europe and Eastern Europe. Operations in North America are classified as discontinued as the business was transferred to International Paper Company, Inc in July 2025.

Operating and financial review

Full year results

Prior year comparatives within the following commentary relate to the continuing operations of the Group.

The year ended 30 April 2025 ("2024/25") has seen the Group face significant challenges in the context of macroeconomic headwinds, largely as a result of higher inflation on the key input costs, continuing lower paper prices and limited packaging volume growth. The market has seen packaging volumes remain flat in the two largest regions of Northern Europe and Southern Europe, with modest growth in Eastern Europe. Paper price weakness has remained whilst pressure on packaging prices have resulted in lower recovery of input costs.

The Group remained dedicated to its customers' needs and continued to deliver creative and productive packaging solutions.

On 31 January 2025, the Group combined with the US-listed International Paper Company to create a new global leader in sustainable packaging solutions. Under this combination, the combined EMEA business is operated under the DS Smith brand, with the rest of the world – primarily North America – operating under the International Paper name. Ownership of the DS Smith North America Paper and Packaging business was transferred to International Paper in July 2025 and, accordingly, this segment has been presented as a discontinued operation and held for sale at 30 April 2025 in the Group's financial statements.

Revenue decreased by 3 per cent to £6,051 million for the year ended 30 April 2025 (FY 2023/24: £6,236 million). There was an adverse foreign exchange impact on revenue in the year of £124 million, lower average selling prices and sales mix of £53 million (principally reflecting lower packaging prices), lower non-box volumes of £23 million partially offset by higher box volumes of £5 million. Box volumes grew by one per cent in the current year versus the prior year.

Operating profit of £24 million is a decrease of 96 per cent versus the prior year (FY 2023/24: £606 million) due to the effect of the decrease in the average sales price and mix of £53 million, volume decrease of £3 million, adverse foreign exchange impact of £16 million and higher input and other costs of £510 million. These costs include transaction costs of £73 million arising from the combination with International Paper on 31 January 2025. Depreciation was £308 million which was £18 million higher than the prior year (FY 2023/24: £290 million) largely due to higher capital expenditure in the prior year. Amortisation of £69 million (FY 2023/24: £67 million) is marginally higher than the prior year.

Net financing costs of £134 million (FY 2023/24: £101 million) reflected the higher debt levels throughout the year and the higher interest rates arising from the refinancing of the Group's European bonds in July 2023.

The loss before income tax was £110 million (FY 2023/24: profit of £505 million). The loss before income tax was due to lower operating profit in the year as described above. The tax charge on continuing operations was £29 million (FY 2023/24: £137 million).

The profit on discontinued operations was £13 million (FY 2023/24: £17 million) driven by a gain of £30 million on the sale of forestry assets. The total loss after tax for the Group was £126 million (FY 2023/24: profit of £385 million), due to lower operating profit.

In Northern Europe, corrugated box volumes were broadly consistent with the prior year, reflecting the challenging overall economic environment of the region, which includes the UK and Germany. Revenue decreased by 4 per cent, primarily due to a reduction in packaging prices compared to the prior year, with input costs in 2025, including OCC, yet to be recovered in packaging prices. Almost all of the costs associated with the combination with International Paper arose in Northern Europe leading to an operating loss for the year of £170 million (FY 2023/24: £228 million profit).

Southern Europe saw box volumes in line with the prior year, with good growth in Iberia and Italy mitigating a weaker performance in France, reflecting the overall economic environment. Revenue reduced slightly (3 per cent) as lower packaging pricing compared to the prior year more than offset higher external paper revenues due to higher selling prices. Although margins remained at the top of the Group's target range, operating profit declined by 38 per cent compared to the prior year, as lower packaging prices more than offset a strong performance from the kraft paper mill in Viana, Portugal.

Organic corrugated box volumes in Eastern Europe grew during the year. Revenue and operating profit declined as packaging pricing did not recover the increased input costs.

In the discontinued operations of North America, the business enjoyed strong packaging volume growth and a 5 per cent increase in revenue. However, underlying profitability declined due primarily to downtime following an extended maintenance shut and the impact of a hurricane in the area of the paper-making operations, in the first half.

Group strategic report continued

Operating and financial review continued

Cash flow

Cash generated from continuing operations was £152 million (FY 2023/24: £501 million). The working capital outflow of £235 million (FY 2023/24: £408 million outflow) was mainly due to the effect of higher paper prices on inventories and receivables, and the unwind of energy derivative resets, partly offset by the benefit of higher trade payables. There were cash outflows of £81 million relating to the costs of the combination with International Paper. Tax paid of £89 million (FY 2023/24: £167 million) reflects lower tax payments on account due to lower profits and tax receipts in the year in Portugal.

Net capital expenditure was £16 million lower than in the previous year at £445 million (FY 2023/24: £461 million). Gross capital expenditure of £459 million (FY 2023/24: £502 million) primarily comprised the replacement paper making line in Italy, the replacement recovery boiler in Portugal and the new biomass boiler in France. Proceeds from the sale of property, plant and equipment were £14 million (FY 2023/24: £41 million).

On 5 December 2024, the Group completed the acquisition of Stora Enso De Hoop B.V., a Dutch energy facility, for £10 million, net of cash and cash equivalents. During the year ended 30 April 2025, the Group repaid the remaining €452 million (£381 million) balance of its €750 million medium-term note. The Group's net cash and cash equivalents decreased by £226 million to £184 million compared to the prior year end (30 April 2024: £410 million). Cash generated from operations was £152 million. Net proceeds from borrowings was £581 million, as the repayment of the July 2024 €452 million medium term note was offset by the inflow of a €200 million term loan and increased drawings on the revolving credit facility, this was reduced by net interest payments of £135 million, tax paid of £89 million, net capital expenditure of £445 million and dividend payments of £251 million.

Financial position

Total shareholder funds decreased to £3,509 million (30 April 2024: £3,949 million). The movement is due to a loss attributable to shareholders of £126 million (FY 2023/24: profit of £385 million), actuarial losses on employee benefits of £3 million (FY 2023/24: £2 million), dividends paid to shareholders of £251 million (FY 2023/24: £247 million), a net decrease in the translation reserve of £79 million (net foreign currency translation losses of £87 million, offset by a positive £8 million movement in the net investment hedge) and a net positive movement on derivative hedges of £31 million. The latter is driven by commodity hedging positions. The tax charge on total comprehensive income items amounted to £6 million (FY 2023/24: credit of £44 million).

The Group continues to sell trade receivables without recourse, a process by which the trade receivable balance sold is de-recognised, with proceeds then presented within operating cash flows. Such arrangements enable the Group to optimise its working capital position and reduces the quantum of early payment discounts given. Trade receivables sold under the factoring programme increased to £397 million (30 April 2024: £369 million) driven by new factoring arrangements in Iberia.

Impairment

The net book value of goodwill and other intangibles at 30 April 2025 was £2,021 million (30 April 2024: £2,811 million). £659 million relating to the North America Paper and Packaging segment was transferred to held for sale at 30 April 2025. IAS 36 *Impairment of Assets* requires annual testing of goodwill and other intangible assets, as well as an assessment of any other assets for which there may be indicators of impairment. As part of this testing, the Group compares the carrying amount of the assets subject to testing with the higher of their net realisable value and value-in-use to identify whether any impairment exists. The asset or group of assets' value-in-use is determined by discounting the future cash flows they expect to generate from the basis of the Group's weighted average cost of capital (WACC) of 9.5 per cent (2023/24: 9.5 per cent), plus a blended country risk premium for each group of assets. The carrying value of North America, classified as held for sale, was compared to its fair value less costs of disposal, based on the anticipated price on sale to International Paper. Asset values were tested at 30 April 2025, with no impairment identified as a result of the testing performed.

Pensions

The Group's primary funded defined benefit pension scheme, based in the UK, is closed to future accrual. There are a variety of other post-retirement and employee benefit schemes operated locally for overseas operations, and an additional unfunded scheme in the UK relating to three former directors which is secured against assets of the UK business. In accordance with IAS 19 *Employee Benefits (Revised 2011)*, the Group is required to make assumptions surrounding rates of inflation, discount rates and current and future life expectancies, amongst others, which could materially impact the value of any scheme surplus or liability. A material revaluation of the relevant assets and liabilities could result in a change to the cost to fund the scheme liabilities.

The assumptions applied are subject to periodic review. The net deficit of £1m has decreased versus the prior year (2024: £25 million) mainly due to employer contributions of £21 million to the UK scheme. The 2022 triennial valuation of the main UK scheme incorporated updates to underlying scheme assumptions, including demographic and life expectancy rates, which, along with updates surrounding mortality and proportion married assumptions and future improvements, resulted in a net decrease of circa 6 per cent in the valuation of the scheme liabilities. No changes were made to the previously approved funding plan following the triennial valuation. The latest triennial valuation exercise has commenced, and a funding plan is expected to be completed later on in the year.

Total cash contributions paid into the Group pension schemes, reported within cash generated from operations in the cash flow, were £25 million in 2024/25 (FY 2023/24: £24 million), which primarily constitute the agreed contributions under the UK defined benefit scheme deficit recovery plan.

Our KPIs

Non-financial KPIs

On-time, in-full deliveries (OTIF)

The proportion of our orders that are delivered on-time, in-full across our businesses.

Why this is a KPI

Packaging is an essential part of an efficient supply chain. Delivering as promised is a critical component to ensuring we remain a trusted partner to our customers. This year saw an improvement over the prior year.

	Year ended 30 April 2025 %	Year ended 30 April 2024 %
OTIF	**97%**	96%

Accident frequency rate (AFR)

The number of lost time accidents (LTAs) per million hours worked.

Why this is a KPI

The AFR is the number of LTAs per million hours worked. We believe all employees contribute to a safe working environment and culture and our focus is on individual ownership. Safety remained a priority throughout the year both before and after the combination with International Paper.

	Year ended 30 April 2025 LTA/m	Year ended 30 April 2024 LTA/m
AFR	**1.8**	1.7

Financial KPIs

Like-for-like[1] corrugated box volume growth

Like-for-like volume of corrugated box products sold measured by area.

1 – sales normalised for working days.

Why this is a KPI

We target volume growth of at least GDP +1 per cent because we expect to win market share by delivering value to our customers. Growth has been impacted in the current year due to subdued market conditions.

	Year ended 30 April 2025 %	Year ended 30 April 2024 %
Corrugated box volume growth	**1%**	(3%)

Return on sales (ROS)

Operating profit as a percentage of revenue.

Why this is a KPI

The margin we achieve reflects the value we deliver to our customers and our ability to charge for that value. It is also driven by our scale. A higher return on sales makes the profit more resilient to adverse effects. Return on sales has been adversely affected by the continued lower paper prices, higher input costs and the costs incurred in connection with the combination with International Paper.

	Year ended 30 April 2025 %	Year ended 30 April 2024 %
ROS	**0.4%**	9.7%

Our principal risks

Macroeconomic impacts
Multiple political/economic factors from foreign exchange/interest rates to weakening major economies significantly impact the level of consumer spend and customer demand for the Group's packaging products.

Paper/fibre price volatility
Volatile commodity pricing for recovered paper (including old corrugated cases (OCC)) and containerboard grades can create significant short-term challenges to capture appropriate returns by aligning raw material costs to packaging sales revenues.

Cyber
The threat posed to our information or operational technology from ransomware and/or a failure to stop/identify sophisticated malicious cyber intruders on our IT infrastructure.

Shopping habits
We fail to adapt our offer to the pace and direction of change in consumer spending across the full retail FMCG spectrum, from the mega large brands, micro-brands and omni-channel distribution networks of the 'big box' superstores and discounters to the rise in e-commerce and importance of consumers' values.

Regulation and governance
Our governance model fails to support the way we are organised and our geographical spread, resulting in unauthorised, illegal, unethical, or inappropriate actions.

Sustainability commitments
Our efforts and significant planned investments to decarbonise and transition our supply chain to a circular, low-carbon economy do not keep pace with growing customer and investor expectations on large organisations to make a positive contribution and address global climate change.

Organisation capability
Risk that the management approach to our people and assets may not correctly or sufficiently identify future resourcing capability needs, particularly in the strategic growth drivers of Innovation, Sustainability and Digital and Data.

Demand volatility and capacity
Risk of low volume growth and high inflation impacting our ability to meet changes in demand patterns and capacity outlook profitably, whilst servicing customer agreements, needs and contract service levels.

Disruptive market player
Disruptive behaviours in our key markets, where there is a risk that significant suppliers or competitors combine by copying our business model or disrupting the fundamental assumptions of our supply cycle business, causes shock/prolonged price and volume drop and materially reduces our capability to purchase paper or restricts our ability to compete more effectively.

Substitution of fibre packaging
Fibre-based packaging loses its credentials as a sustainable product of choice against developments in plastic packaging or other materials that can be reused and recycled, resulting in our products being substituted and/or replaced by competitor products.

Security of paper/fibre supply
Large fluctuations in the availability of recovered paper (including OCC) and containerboard adversely affects our performance. Our failure to adapt to changes in installed paper production capacity and imports, and our inability to produce a sustainable supply of internal European fibre for critical paper grades, including specific virgin papers, leaves us over-exposed to the threat of significant commodity availability and price volatility for extended periods of time.

Digitisation
Risk of failing to effectively leverage digital technologies and strategies to meet key business priorities, resulting in missed opportunities for growth, innovation and operational efficiency. The inadequate alignment of digital initiatives with strategic business priorities leading to inefficiencies in resource allocation and a lack of focus on high impact areas such as customer experience enhancement and service proposition development.

Our Emerging risks

Geopolitical risks
The rise of nationalism globally poses a potential risk, as certain groups prioritise national identity over global cooperation. This trend exacerbates geopolitical risks, particularly in regions like the Middle East and Russia/Ukraine, where conflicts persist.

Prolonged extreme weather and infrastructure impact
Unforeseen and prolonged extreme weather events, including heatwaves, droughts, floods, and storms, may disrupt supply chains and transportation, leading to delays, damage, and increased costs.

Artificial Intelligence ("AI") integration risks
AI integration, whilst having the potential to improve and transform significant areas of the Group's business including decision-making, operational efficiency, *and service innovation, creates risks that include data privacy breaches, algorithmic bias, and cybersecurity threats.*

Going Concern

The Board has reviewed a detailed consideration of going concern, based on the Group's recent trading and forecasts, and including scenario analysis. This takes into account reasonably foreseeable changes in trading performance, including the continued uncertainty caused by high inflation and the ongoing war in Ukraine and reactivation of Middle East conflict. More detail of the assessment performed is included in note 1 to the financial statements.

At 30 April 2025 there was headroom on the Group's committed debt facilities, at a level of c£0.5 billion, which follows the maturity of c£0.55 billion of mid-term debt instruments. The going concern assessment included the period to 31 December 2026.

Based on the resilience of the Group's operations to the high-cost environment experienced in recent years, weak demand experienced during FY24 and depressed paper prices reflective of the bottom of the paper cycle, as well as the current and forecast liquidity available, the Board believes that the Group is well placed to manage its business risks successfully despite the uncertainties inherent in the current economic outlook.

The Group's current committed bank facility headroom, its forecast liquidity headroom over the going concern period of assessment and potential mitigating activities available to management have been considered by the Directors. Furthermore, the Directors have made enquiries of the parent, International Paper Company, leading to an understanding that the likely intention for the future financing of DS Smith Limited, is primarily through intercompany financing structures with DS Smith's parent, International Paper Company.

Given the likely intention to finance DS Smith Ltd primarily through intercompany finance structures, the ultimate parent undertaking, International Paper Company, has provided a support letter indicating that they will continue to provide the financial support to enable the company to meet its *liabilities as and when they fall due for the assessment period. The parent company will continue to review group and company liquidity needs* in light of the business and financial impacts it may face in light of economic factors such as lower growth environment of high input costs and supressed selling prices and any mitigating actions which may be required. The Directors have considered all of these factors in forming their view that it is appropriate to conclude that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 December 2026. For this reason, the going concern basis has been adopted in preparing the financial statements.

The financial statements have been prepared on the going concern basis with no material uncertainty identified after a detailed assessment.

Liquidity and financing position

The total debt facilities at 30 April 2025 were £3.5 billion, of which £2.0 billion is publicly listed debt with no attached covenants. The remaining £1.5 billion of debt is unlisted with no covenants directly related to DS Smith Ltd, but replaced by covenants directly with its parent, International Paper Company. The Group has access to £0.5 billion of committed, undrawn bank facilities as at 30 April 2025, which provide liquidity to the Group.

In determining the going concern basis for preparing the financial statements, the Directors consider the Company's objectives and strategy, its principal risks and uncertainties in achieving its objectives and its review of business performance and financial position. The economic environment reflected in this going concern assessment is based on the latest full year forecast available for calendar year 2026 (CY26), which anticipates moderate organic box volume growth across each of our regions, recognising the inflationary pressures in the Group's raw materials and overhead cost bases. In preparing the financial statements, the Group has modelled two scenarios in its assessment of going concern, evaluated relative to the Group's activities with the exception of its North American Paper and Packaging division, which was held for sale in the financial statements at 30 April 2025 as identified in note 7. These are:

- The base case is derived from the latest forecast available for CY26. The key inputs and assumptions include: Paper price increases in H1 CY26 and corresponding increases in sales price followed by paper price decreases in H2 CY26, packaging volume growth at moderate levels across the future periods, driven by continued FMCG and e-commerce demand recovery, together with the recovery in industrial volumes. Both paper sales price and input fibre price are consistent with those anticipated in the forecast.
- The downside case assumes the above base case scenario but modelled to assume no further recovery on selling price, stagnated volume growth and double inflationary pressures on the cost base. Certain controllable cost measures in relation to Capex have been assumed to mitigate risks.

Mitigating actions

Whilst the downside case scenario incorporates some level of mitigating actions in relation to Capex, a further range of options remain at the Group's disposal should they be required which provide the opportunity to support EBITDA, cash flow and net debt, including:

- Actions in respect of variable and controllable costs such as discretionary bonuses, pay rises, recruitment freezes and wider labour force actions in response to higher levels of volume reductions
- Limiting capital expenditure to minimum maintenance levels by pausing growth spend (including brownfield sites and other expansionary spend)
- Strategic actions in respect of the Group's asset base could be considered in respect of disposals, mothballing and closures

The Group could also consider actions such as optimising working capital by negotiating longer payment terms whilst continuing to pay suppliers in full and in line with contractual terms.

Going concern basis

Based on the forecast and the scenarios modelled (which were based on the standalone DS Smith legacy Group), together with the performance of the Group in the current year and enquiries of the parent company, International Paper Group, and the provision of a support letter by the ultimate parent company, International Paper, indicating that they will continue to provide the financial support to enable the company to meet its liabilities as and when they fall due, the Directors consider that the Group has adequate liquidity to continue in operational existence for the length of the going concern period until 31 December 2026. Accordingly, the Board believes the conclusion that the Group is a going concern for the period to 31 December 2026 remains appropriate. The next significant debt maturity is the €600 million bond maturing in September 2026.

Climate-related Financial Disclosures (CFD)

Our circular business model keeps materials recirculating through recycling services, which support the manufacture of recyclable packaging. Whilst this alleviates pressure on natural systems, such as forests, and prevents waste from entering landfills and oceans, it is energy intensive, generating greenhouse gas (GHG) emissions that contribute to climate change.

In support of a 1.5°C 'Net Zero' economy, we are committed to considering the Paris Agreement in our activities, including in our external engagement, as underpinned by the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) and the IPCC Special Report on Global Warming of 1.5°C (SR1.5).

Governance

Describe the governance arrangements in relation to assessing and managing climate-related risks and opportunities

Upon appointment to the Board, Directors undertake an induction programme, receiving a broad range of information about the Group, including information about sustainability and climate-related matters, tailored to their previous experience.

Directors are given training and receive presentations to keep their knowledge current, including on CFD, TCFD and transition planning, and take responsibility for identifying and satisfying their own specific training requirements.

The Board and its Committees, members of whom have relevant ESG and sustainability experience, are updated on climate-related issues at a minimum annually. This includes the progress of our sustainability-related targets and other items that involve climate-related issues, such as the Corporate Plan, principal risks and uncertainties, and remuneration.

Describe identification, assessment and management of climate-related risks and opportunities

Members of the Health, Safety, Environment and Sustainability (HSES) Committee, assess and manage climate-related risks and opportunities subsidiary level and reported up through the group level. This Committee meets monthly to discuss, amongst other topics:

- GHG emissions forecasts.
- Plans to deliver the science-based target.
- Progress on climate-related opportunities, such as plastic replacement.

Climate-related risks are monitored as part of our standard operating procedures to ensure that appropriate mitigation is in place and are regularly reviewed by management. Management is supported by the Carbon, Water and Waste Steering Committee, which is the primary thematic steering committee handling climate-related matters, including the delivery of the science-based target.

Comprising leaders from across the business, the Committee maintains a portfolio of projects to allocate resources, coordinate delivery and propose solutions to critical trade-offs related to addressing climate-related risks and opportunities. These Committees draw on subject matter experts from Risk and Insurance, Strategy, Sustainability, Finance and Procurement teams. They report progress updates and escalate decisions to executive management on an ongoing basis.

Project deployment and the maintenance of Net Zero roadmaps are carried out by a technical sustainability delivery team. This team is responsible for driving carbon/energy, water and waste reduction and coordinating, through the steering committee, the design, planning and implementation of our commitment to reach Net Zero.

Climate-related metrics are discussed at least monthly by management teams. Senior management teams review within year performance, forecasts and longer-term progress against our targets, in addition to challenges, trends and opportunities for addressing climate-related issues monthly, and this is monitored by the HSES Committee on a quarterly basis, with progress presented to the Board annually.

Strategy

The strategy for managing climate-related risks and opportunities is integrated into our overall corporate strategies, including our strategic goal 'to lead the way in sustainability' and our Now & Next Sustainability Strategy.

Looking ahead, we are pleased to join the International Paper family. This acquisition marks a new chapter for us, and in 2025, we plan to analyse and consolidate our sustainability data and roadmaps and develop a new framework that reflects our current and future identity.

We have identified seven key climate-related issues that are described in this section as climate-related risks and opportunities.

Describe the principal climate-related risks and opportunities arising in connection with the organisation's operations and the time periods by reference to which those risks and opportunities are assessed

Climate-related risks and opportunities could arise over the short term (0-3 years), medium term (3-10 years) and long term (10+ years). These time horizons fit with the Group's corporate and capital planning cycle time horizon (three years), which is used to develop the Group's strategy, in addition to the annual risk reporting cycle (one year), which is used to assess and communicate risk.

Physical assets in our industry tend to have long lifetimes and efforts are made to extend the lifetime of machinery, components and spare parts, fitting into the long-term (10+ years) time horizon. As such, investment decisions are made, including the implications that such decisions may have on climate-related risks and opportunities under this long-term time horizon.

Climate-related risks

Increased spend on carbon taxes

In the short term, there is a risk that new carbon taxes could be introduced or existing carbon taxes could be extended as a policy tool to incentivise decarbonisation.

Increased cost of raw materials or threat to supply

In the medium to long term, there is a risk that raw materials could become more expensive or difficult to acquire due to disruption or market dynamic shifts caused by climate change.

Increased severity of extreme weather events

In the medium to long term, there is a risk that the frequency and severity of extreme weather events could increase, causing damage and disruption in our own operations or the value chain.

Increased likelihood of water stress

In the long term, there is a risk that competition for water could increase in the river basins from which we withdraw water, increasing the chance that supply constraints could be imposed.

Climate-related opportunities

Growth in demand for sustainable packaging

In the short term, there is an opportunity to drive organic growth by demonstrating the benefits of circular packaging that helps brands and consumers to replace plastic and reduce their carbon footprint in the transition to Net Zero.

Greater resource efficiency

In the short term, there is an opportunity to use fewer resources, both in manufacture through design and operating efficiency, and throughout the value chain to reduce climate impact and cost.

Use of lower-emission energy sources

In the medium to long term, there is an opportunity to adopt lower-emission energy sources and energy efficiency measures. These could be equipment-based, fuel-based or process-based.

Describe the actual and potential impacts of the principal climate-related risks and opportunities on the organisation's business model and strategy

The Board and its management committees consider climate-related issues when reviewing and setting strategy, policies and financial planning.

There are already changes occurring in our business model and value chain in response to climate change. We anticipate that these will continue over the timescales mentioned on the previous page and accelerate towards 2050.

Capital investment

In our operations, our asset renewal strategies and decisions relating to capital investment are impacted by the value of emissions. This includes incorporating emissions valuations into project appraisals and capital planning, particularly when considering significant energy-related expenditure in our paper operations (as the most energy intensive part of our business and therefore the greatest emissions source).

Research and development (R&D)

Our R&D investments include alternative packaging materials, in addition to barrier coatings that increase the efficacy of corrugated as an alternative to plastic.

Strategy and decision-making

Our primary strategy for responding to the effects of climate change is articulated in the 'Carbon' pillar of our Now & Next Sustainability Strategy, which includes our commitment to reach Net Zero GHG emissions by 2050.

This is supported by our Net Zero Transition Plan, published in 2024, which documents the targets, actions and resources deployed to enable the transition, supporting and guiding our decision-making.

Key assumptions and external factors

Our transition plan looks into the future, and as such, assumptions have to be made to support decisions, often made with limited information. There are significant external factors that we depend on to deliver our plan.

Our plan is dependent on market factors and national investment in recycling infrastructure and renewable energy systems to increase resource efficiency and ensure secure long-term supply.

We remain responsive to changes in our assumptions and the external environment, for example, reacting to new policy measures and seeking to benefit from incentives.

Climate resilience

An analysis of the resilience of the organisation's business model and strategy, taking into account consideration of different climate-related scenarios

Our identified climate-related risks and opportunities, alongside example outcomes drawn from several IEA and IPCC climate scenarios, including industry-specific scenarios, are described in the tables that follow.

Climate-related risks

Climate-related risk	Description
Increased spend on carbon taxes **Type:** Policy and legal transition risk **Time horizon:** Short term **Link to principal risk:** 'Regulation and governance' **Potential to impact:** our European paper mills, with the potential to extend to other regions	**Definition** New carbon taxes could be introduced, or existing carbon taxes, such as the European Union Emissions Trading System (EU ETS), could be extended as a policy tool to incentivise decarbonisation. **Example outcome in a 1.5°C scenario** Carbon taxes are introduced in new regions in the future, and/or schemes become more expensive to limit emissions. **Example outcome in a >2°C scenario** Carbon taxes are higher.
Increased cost of raw materials or threat to supply **Type:** Market transition risk and/or acute or chronic physical risk **Time horizon:** Medium – long term **Link to principal risk:** 'Security of paper/fibre supply' **Potential to impact:** our Paper Sourcing and Procurement functions	**Definition** Raw materials, such as paper, pulp or starch, could become more expensive or difficult to acquire owed to disruption or shifts in market dynamics as a result of climate change. **Example outcome in a 1.5°C scenario** Disruption or shifts in market dynamics are less severe and more predictable, e.g. caused by planned regulatory change. **Example outcome in a >2°C scenario** Disruption or shifts in market dynamics are more severe due to chronic reasons, e.g. extreme weather causes crop failure.
Increased severity of extreme weather events **Type:** Acute physical risk **Time horizon:** Medium – long term **Link to principal risk:** 'Security of paper/fibre supply' **Potential to impact:** specific geographies as identified by specialists, e.g. hurricanes on the south-eastern coast of the USA	**Definition** The frequency and severity of extreme weather events could increase, causing damage and disruption. **Example outcome in a 1.5°C scenario** Extreme weather is less severe, causing minimal disruption. **Example outcome in a >2°C scenario** Extreme weather is more severe, causing greater disruption, e.g. thunderstorms, tornadoes and extreme heat.
Increased likelihood of water stress **Type:** Chronic physical risk **Time horizon:** Long term **Link to principal risk:** 'Regulation and governance' **Potential to impact:** specific geographies as identified by the WRI Aqueduct tool, particularly our paper mills which use significant volumes of water to convert paper for recycling back into pulp	**Definition** Competition for water could increase in the river basins from which we withdraw water, increasing the chance that water supply constraints could be imposed by local authorities. **Example outcome in a 1.5°C scenario** Water stress is less severe, causing minimal disruption. **Example outcome in a >2°C scenario** Water stress is more severe, with greater disruption, e.g. as greater consumption patterns drive up water usage.

Primary potential financial impacts	Key actions in our strategies that mitigate the risk
Increased operating costs (e.g. higher compliance costs) The scenarios explore a range of potential future carbon taxes. For example, if the cost per European Union Allowance (EUA) increased to €130 per tonne and if, as described by the IEA ETP 2°C scenario, a North American carbon tax was introduced, rising to $93 per tonne by 2030, this could amount to a cost of £107 million. Alternatively, with a lower cost of carbon estimated at €71 and $64 per tonne, this could amount to a cost of £45 million, which is more likely in a >2°C scenario with lower carbon taxes.	• Hedge the cost of fuel, energy and carbon with our suppliers and financial institutions. • Factor the cost of carbon into our net zero transition planning and analysis and optimisation of project deployment, alongside scenarios and forecasts of future growth and fuel availability. • Deploy actions in our Net Zero Transition Plan to deliver our 1.5°C science-based target, including switching from fossil to renewable fuels that reduce our GHG emissions and therefore limit exposure to carbon taxes.
Increased production costs (e.g. higher input prices) Higher input costs would have to be recovered through increased packaging pricing, which would increase revenue. If, for example, in a >2°C scenario, the average price of a key input was to increase by 10 per cent compared to present day, this could lead to an increase in production costs, assuming the same level of production as today, of £90 million. Alternatively, in a 1.5°C scenario, if only a 3 per cent increase was observed, owed to less severe disruption, this could lead to an increase in production costs of £27 million.	• Optimise the best fit between paper production, fibre sourcing and packaging demand to balance over the long term. • Remove unnecessary waste and save natural resources through innovative design, as part of delivering our Now & Next target to optimise fibre use for unique supply chains.
Increased capital costs (e.g. more repair and maintenance) This could be as a result of damage to property, which may result in higher insurance premiums, compounded by costs to ensure continuity of supply. We use a 'business interruption value-at-risk' metric to determine the potential impact of disruption caused by a climate-related event. If, for example, in a >2°C scenario, production was halted for a whole year at our highest-value site in a geographic region prone to specific climate events, this could present an incident valued at £90 million. If, in a 1.5°C scenario, disruption only lasted for one month due to a less severe climate-related weather event, this would be valued at £8 million.	• Ensure that climate resilience indicators are part of the evaluation process when evaluating strategic decisions relating to our production footprint and capacity planning. • Implement adequate and flexible business continuity plans, using data to improve climate modelling and to strengthen our business resilience with a changing climate pattern.
Decreased revenues and profit (e.g. temporary curtailment) This could be as a result of decreased production capacity because of limits placed on water withdrawal. We use the IPCC 4°C scenario to identify sites at risk of water stress and a 'business interruption value-at-risk' metric to determine the potential impact resulting from a climate-related disruption. If, for example, in a >2°C scenario, production was halted for 31 days at our highest-value site located in a region at future risk of water stress, this could present an incident valued at £2 million. Were this incident only to occur for seven days, in a 1.5°C scenario, this would be valued at less than £1 million.	• Invest in closed-loop solutions that recycle water and other water efficiency measures, from optimising the configuration of processes to modernising water intensive equipment. • Maintain localised water stress mitigation measures (water management and water scarcity plans) at sites with greater than 5,000m³ water withdrawal, with business continuity planning, regular contact with relevant stakeholders (e.g. the water authority and local community) and monthly performance review.

* Climate scenarios are used, alongside other tools, to assess vulnerability to climate change and are intended to represent plausible future states to assist learning and aid decision-making rather than to present future projections or forecasts. The values presented have changed compared to last year owed to changes in revenues, costs, currency exchange rates and emission values used for the analysis. The values are illustrative and estimated within the context set out by each reference scenario and then adapted to fit DS Smith. This is based on a single financial metric, without considering the implications of secondary impacts.
For example, there may be a cost associated with damage to reputation that could occur as a result of business interruption owing to climate change.

Climate-related opportunities

Climate-related opportunity	Description
Growth in demand for sustainable packaging **Type:** Products and services **Time horizon:** Short term **Link to principal risks:** 'Changes in shopping habits', 'Packaging capacity fluctuations', 'Organisation capability', 'Substitution of fibre packaging' ***Alignment with strategic pillar:*** *To delight our customers* **Potential to impact:** predominantly our Packaging business, with implications for our Paper, Paper Sourcing and Recycling operations	**Definition** Drive organic growth by demonstrating the benefits of circular packaging that helps brands and consumers to replace plastic and reduce their carbon footprint in the transition to Net Zero. **Example outcome in a 1.5°C scenario** Demand for sustainable packaging is greater as consumers are more conscious of their impact on the planet, necessitating greater recycling. **Example outcome in a >2°C scenario** Uptake for sustainable packaging is slower and appetite for recycling is lower, foregoing the opportunity.
Greater resource efficiency **Type:** Resource efficiency **Time horizon:** Short term **Link to principal risks:** 'Paper/fibre price volatility', 'Sustainability commitments' **Alignment with strategic pillar:** To double in size and profitability **Potential to impact:** the whole business, but predominantly in packaging design to reduce material consumption and in the energy efficiency of our recycled paper mills, as they use heat to evaporate water in drying pulp and paper	**Definition** Use fewer resources (materials, energy and/or water), both in manufacture through design and operating efficiency, and throughout the value chain to reduce climate impact and cost. **Example outcome in a 1.5°C scenario** Greater resource efficiency is achieved across the industry at the 'system' level, for example, by encouraging markets to invest in improved recycling infrastructure to create cleaner waste streams. This has the added benefit of increasing energy efficiency, as cleaner material requires less processing. **Example outcome in a >2°C scenario** A lesser focus on resource efficiency fails to protect natural resources and the potential benefits are foregone.
Use of lower-emission energy sources **Type:** Energy source **Time horizon:** Medium – long term **Link to principal risk:** 'Sustainability commitments' **Alignment with strategic pillar:** To lead the way in sustainability **Potential to impact:** the whole business, but predominantly our recycled paper mills, which rely on fossil fuels as, unlike primary pulp production, recycled production does not have biofuels readily available as a by-product from the wood used	**Definition** As energy systems evolve, there is an opportunity to adopt lower-emission energy sources and energy efficiency measures. These could be equipment-based (e.g. e-boilers and carbon capture and storage), fuel-based (e.g. hydrogen) or process-based (e.g. heat recovery and optimisation through digital and data innovation). **Example outcome in a 1.5°C scenario** Transitioning from fossil fuels to renewable fuels, including biomass, biomethane and hydrogen limits warming to 1.5°C. ***Example outcome in a >2°C scenario*** Lower-emission energy sources are not affordable or are unavailable at the scale required to achieve Net Zero and the fuel mix remains roughly the same as present-day.

Primary potential financial impacts

Primary potential financial impacts	Key actions in our strategies that realise the opportunity
Increased revenues and profit (e.g. more sales) Organic growth and market share capture as a result of greater demand for recyclable packaging, enhanced by the added value of our sustainability, innovation and circularity credentials. If, for example, in a 1.5°C scenario, 1.5 per cent annual growth, as described in the IEA NZE 2050 scenario, could be fully exploited, by 2030 this could increase revenue by c. £475 million. Alternatively, in a >2°C scenario, with less demand for sustainable packaging, assuming 1 per cent annual growth, by 2030 this could increase revenue by c. £309 million. In each of these figures, we assume that the growth in paper production described in the reference scenario is a result of packaging demand, increasing packaging revenue.	• Support our design and innovation community with the tools they need to design for the circular economy, building on over 1,000 designs for millions of products geared towards reducing the use of plastic. • Invest in R&D (doubled to a £100 million package to deliver over five years) to include the creation of new breakthrough technologies in materials and design innovation to support the circular economy. • Identify new plastic replacement opportunities, including capitalising on opportunities brought about by regulatory changes, e.g. the Single Use Packaging Directive and Packaging and Packaging Waste Regulation (PPWR).
Decreased production costs (e.g. less material consumption) Decreased cost as a result of reduced materials, energy and water consumption, increasing profitability and added positive reputation value associated with a low environmental impact product. If, for example, in a 1.5°C scenario, energy intensity reduced by c. 2 per cent per year to 2030, as described in the IEA NZE 2050 scenario, this would result in a saving of c. £35 million. Alternatively, if in a >2°C scenario, only a 0.6 per cent decrease in energy consumption was secured, as described in the IEA SDS 2030 scenario, the saving would be reduced to c. £11 million. Beyond this example of energy efficiency, material efficiency through better product design and supply chain optimisation could present more savings and value creation opportunities.	• Reduce energy consumption as part of our Group-wide ISO 50001:2018 certified energy management system at 100 per cent of relevant sites to continuously improve energy performance, cost and GHG emissions, with site-level targets and monitoring. • Advocate for separate collection of recyclables to improve quality of material by reducing contamination, increasing recycling rates, lowering environmental impact and cost for local authorities as part of our engagement with policy makers. • Work with our customers to reduce fibre consumption, predominantly through better design, as part of delivering our Now & Next target to optimise fibre use for unique supply chains.
Decreased operating costs (e.g. less fossil fuel consumption) Decreased cost as a result of reduced energy consumption and less exposure to future fossil fuel price increases and sensitivity to the cost of carbon. Added returns on investment secured from low-emission technology. According to the IEA NZE 2050 scenario, it will be important to move away from fossil fuels to near zero-emission alternatives for the industry to reach Net Zero, with the proportion of renewable fuels in the average energy mix increasing from 43 per cent to almost 50 per cent in 2030. Assuming average renewable/non-renewable fuel costs, achieving this transition could present an energy cost reduction of £47 million. Alternatively, were no transition achieved, this would be zero. Inevitably costs would be incurred in achieving this transition which are not included in this analysis.	• Investigate opportunities to implement lower-emission energy sources, including the viability of renewable fuel sources as fossil fuel alternatives, to be well-positioned to take advantage of lower-emission energy sources. • Deploy actions in our Net Zero Transition Plan, which includes initiatives relating to switching to lower-emission energy sources so that our business can grow without increasing emissions, realising the benefits of harnessing renewable energy.

* Climate scenarios are used, alongside other tools, to assess vulnerability to climate change and are intended to represent plausible future states to assist learning and aid decision-making rather than to present future projections or forecasts. The values presented have changed compared to last year owed to changes in revenues, costs, currency exchange rates and emission values used for the analysis. The values are illustrative and estimated within the context set out by each reference scenario and then adapted to fit DS Smith. This is based on a single financial metric, without considering the implications of secondary impacts.
For example, there may be a cost associated with damage to reputation that could occur as a result of business interruption owing to climate change.

Climate scenario analysis methodology

In order to increase the utility of our climate scenario analysis, we draw on industry-specific reference scenarios.

Industry-specific reference scenarios:

- Provide data that fits with our business and industry data.
- Address some of the decarbonisation challenges and *climate-related risks and opportunities that we face.*
- Align with the latest international agreement on climate.

They include information to 2030 and 2050, the same time horizon as our science-based target and Net Zero commitment.

The selected scenarios, developed for the pulp and paper sector, predominantly focus on our paper businesses because these are our most energy-intensive operations.

IEA NZE 1.5°C by 2030 (Pulp & Paper)
In this scenario, growth in production and energy consumption are decoupled to achieve decarbonisation to the extent required to be on track with the Sustainable Development Scenario (SDS) by 2030.

IEA Net Zero Emissions by 2050 (Pulp & Paper)
In this scenario, annual production expands, necessitating greater recycling. Using a higher share of bioenergy is important to align with the Net Zero by 2050 trajectory.

We supplement these with non industry-specific scenarios that reflect a range of warming trajectories, including greater than 2°C by 2100 compared to pre-industrial levels, presenting a range of contrasting futures, including an alternative to the 1.5°C scenario. They address cross-industry issues, such as carbon taxes.

The scope includes our packaging and paper businesses.

IEA ETP SDS 2°C
In this scenario, mitigation measures are applied to carbon intensive industries, alongside technological advancements to the extent required to limit global warming to within 2°C by 2100 versus pre-industrial levels.

IPCC RCP 8.5 4°C
In this scenario, a 'business as usual' state of no policy changes leads to growth in emissions, causing some of the physical effects of climate change to be felt with greater severity.

In each scenario, we assume that we have the same activities as today, drawing on financial and non-financial data from the most recent reporting period at the time of the analysis.
We model the most relevant reference points from the scenarios and use financial data to assess potential future effects on financial metrics. The primary potential financial impact figures given are illustrative estimates, given within the context of each scenario. The analysis was updated in May 2024 and some of the estimates have changed compared to last year, due to changes in the inputs to our climate scenario analysis model. For example, revenues, costs and currency exchange rates have changed compared to those used previously. For water stress, the latest version of the WRI Aqueduct tool has updated inputs to the hydrological model, providing more accurate baseline data, as well as future projection data for 2030, based on the latest climate models. The estimates provided may therefore be incomparable to those previously given.

Resilience based on climate scenario analysis

The results obtained from analysis suggest that our strategy is resilient to climate-related risks and opportunities and that we would not need to make fundamental changes to our business model between now and 2030, under a variety of contrasting future warming scenarios.

The strategic ambition of our Net Zero Transition Plan, including our science-based target, guides us towards maximising the identified opportunities arising from the transition to a 1.5°C world.

Significant areas of uncertainty
The scenarios used in our analysis explore a range of assumptions about how climate change and variables such as carbon taxes, rates of energy efficiency and river basin water demand may develop far into the future. Inevitably, there is inherent uncertainty relating to these variables and how they would likely develop towards 2030.

We consider these uncertainties to be acceptable, as the results from this analysis are used to assess resilience at a high-level to inform strategic responses, such as the decision to commit to a 1.5°C science-based target.

Risk management

The organisation's processes for identifying and assessing climate-related risks

We ensure our sustainability priorities remain aligned to those of our stakeholders though out materiality analysis. In 2022/23 we refreshed this analysis through a 'double materiality' lens, considering financial materiality (e.g. the impact of climate change on the Group) and impact materiality (e.g. the impact of the Group on climate change).

Risk management continued

The results reinforced climate action, energy use and efficiency, product design for optimal resource use, recyclability and transitioning to a circular economy as of critical importance for the business and for the planet and society. These topics, considered of 'critical importance', are captured within our climate-related risks and opportunities.

These results, alongside a range of other credible sources such as industry research, are used to grade risks using the likelihood of the risk occurring and an estimate of the severity of resulting financial or strategic impacts over various time horizons.

Based on this risk grading, the highest graded risks are evaluated in greater depth, considering our operations, supply chain, stakeholder expectations and regulation.

Transition risks are assessed by the Group Risk and Insurance, Group Sustainability, Government and Community Affairs, and Group ESG Reporting teams, working across functions to develop responses to the financial and strategic implications.

Physical risks are assessed by each division, supported by the Group Risk and Insurance team, drawing on expertise from specialist organisations.

Climate-related opportunities are predominantly identified and assessed by the Group Sustainability team, who lead the sustainability materiality analysis and propose the strategic direction of the Group for sustainability.

This integrated approach reduces the chance of inadvertently neglecting or creating a trade-off between climate change and other risks, ensuring that climate-related risks and opportunities are embedded in the Group's enterprise risk management and corporate planning. This situates climate-related risks and opportunities alongside, and integrates climate-related risks and opportunities with, other types of risks and opportunities.

The organisation's processes for managing climate-related risks

Our process for managing, including monitoring and prioritisation of climate-related risks involves deciding whether to avoid, transfer, mitigate or accept a given risk. This is influenced by a range of factors, such as the type of risk, site location, investment needed and forecasts of volume demand.

Our risk management processes require that our principal business risks, including climate risks, are graded on a scale from negligible to critical using specific impact criteria such as a financial value range. By way of example, a financial impact between 2.5 per cent and 10 per cent of operating income or net profit is graded as a moderate strategic or financial risk.

Specialist Group functions (e.g. energy procurement), Sustainability Steering Committees (e.g. nature) and working groups (e.g. those deploying our Net Zero Transition Plan) work across the divisions and functions to implement mitigation measures through the delivery of our Now & Next targets that address climate-related risks and opportunities. These teams draw on internal and external resource, utilising specialist analysis, tools and expertise.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management process

Climate-related risks and opportunities are integrated into our principal risk assessments and corporate planning, evaluated using the Group's common risk language, where such risks could significantly affect the business during the Corporate Plan time horizon.

All divisions and Group functions produce formal principal risk assessment reports twice per year and undertake frequent risk reviews, considering the grading, trends and controls. The most significant climate-related risks and opportunities are selected for climate scenario analysis, prioritising those for which high-quality data is available.

Key mitigating actions in response to climate-related risks, such as the science-based target, are agreed and developed by specialist working groups and teams, with the sponsorship of the Carbon, Water and Waste Steering Committee and approval of the HSES Committee. These are prioritised based on factors such as materiality, regulatory requirements and commercial opportunity. For example, actions relating to climate change and the circular economy are prioritised given that our stakeholders considered these issues of 'critical importance' in the most recent materiality assessment.

Prioritised actions are implemented by the relevant sustainability working group, project teams and site teams, with accountability for delivery with Divisional and Functional leadership. Management performance, including challenges and opportunities relating to deploying mitigating actions, is reviewed alongside the wider review of sustainability performance and strategy progress. Any material risks to deployment are captured in our regular operational risk reviews.

Our processes for identifying, assessing, prioritising and monitoring climate-related risk are unchanged compared to the prior period.

Metrics and targets

Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Group greenhouse gas (GHG) emissions (Streamlined Energy and Carbon Reporting (SECR))

Metric	Unit of measure	2024/25	2023/24	2019/20 (base year)	Compared to last year	Compared to base year
Direct (Scope 1) GHG emissions	tonnes CO_2e	**1,399,949***	1,340,272*	2,181,890	4%	-36%
Indirect (Scope 2 market based) GHG emissions	tonnes CO_2e	**840,913***	944,921*	792,275	-11%	6%
Indirect (Scope 2 location based) GHG emissions	tonnes CO_2e	**840,841***	922,923*	875,544	-9%	-4%
Indirect (Scope 3) GHG emissions	tonnes CO_2e	**4,590,668**	4,700,076	5,671,528	-2%	-19%
Total GHG emissions	tonnes CO_2e	**6,831,529**	6,985,269	8,645,693	-2%	-21%
Gross Scope 1 and 2 (market) GHG emissions	tonnes CO_2e	**2,240,861***	2,285,193*	2,974,165	-2%	-25%
GHG emissions from energy export	tonnes CO_2e	**566,254***	488,604*	791,810	16%	-28%
Net Scope 1 and 2 (market) GHG emissions	tonnes CO_2e	**1,674,607***	1,796,589*	2,182,355	-7%	-23%
Energy consumption	MWh	**14,258,793***	14,058,435*	15,707,667	1%	-9%
Energy exported	MWh	**1,550,598***	1,525,376*	1,977,616	2%	-22%
Total production	tonnes	**9,871,434***	9,874,853*	10,222,065	0%	-3%
GHG emissions (net) per tonne of production	kg CO_2e /t nsp	**170***	182*	213	-7%	-20%
Outside of scopes GHG emissions	tonnes CO_2e	**1,039,351***	1,022,400*	911,659	2%	88%

UK reporting: 4 per cent of Scope 1 emissions and 36 per cent of Scope 2 (market-based) generated by UK-based operations in 2024/25.

12 per cent of energy consumption consumed by UK-based operations in 2024/25.

Group Indirect (Scope 3) value chain greenhouse gas (GHG) emissions

Scope 3 category	Unit of measure	2024/25	2023/24	2019/20 (base year)	Compared to last year	Compared to base year
1: Purchased goods and services	tonnes CO_2e	**2,301,052**	2,233,164	2,562,626	3%	-10%
2: Capital goods	tonnes CO_2e	**61,614**	141,634	96,891	-56%	-36%
3: Fuel- and energy-related activities	tonnes CO_2e	**477,282***	480,239*	425,243	0%	13%
4: Upstream transportation and distribution	tonnes CO_2e	**372,631**	363,900	407,883	2%	-9%
5: Waste generated in operations	tonnes CO_2e	**108,231***	101,192*	252,834	7%	-57%
6: Business travel	tonnes CO_2e	**3,904**	3,102	4,173	26%	-6%
7: Employee commuting	tonnes CO_2e	**4,936**	4,903	7,992	1%	-38%
8: Upstream leased assets	tonnes CO_2e	**4,064**	4,037	4,507	1%	-10%
9: Downstream transportation and distribution	tonnes CO_2e	**125,627**	104,621	109,381	20%	15%
10: Processing of sold products	tonnes CO_2e	**473,841***	581,463*	943,600	-19%	-50%
12: End of life treatment of sold products	tonnes CO_2e	**629,892***	654,726*	780,090	-4%	-19%
15: Investments	tonnes CO_2e	**24,866**	27,095	76,308	-8%	-67%
Total Indirect (Scope 3) GHG emissions	**tonnes CO_2e**	**4,590,668**	4,700,076	5,671,528	-2%	-19%

Scope 3 Categories 11, 13 and 14 are excluded on the basis of irrelevance to our value chain, as described in our Basis of Preparation.

GHG emissions are reported in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised), under a financial control boundary. Department for Business, Energy & Industrial Strategy (BEIS) 2022 emission factors are applied, unless emission factors from other sources are deemed more appropriate. See our Basis of Preparation, available from our ESG Reporting Hub.

* Independent Assurance has been obtained for metrics marked '*', see the statement below.

Independent Assurance Statement

Deloitte have provided independent third-party limited assurance in accordance with the International Standard for Assurance Engagements 3000 (ISAE 3000) and Assurance Engagements on Greenhouse Gas Statements (ISAE 3410) issued by the International Auditing and Assurance Standards Board (IAASB) over the selected information, identified with * in the above table, and other selected information relating to carbon, energy, water, waste, production and employee diversity identified with * within the DS Smith Sustainability Report 2025 and DS Smith Net Zero Transition Plan 2024.

Deloitte's full unqualified assurance opinions, which include details of the selected information assured in 2024/25, 2023/24, 2022/23 and 2021/22, can be found on our ESG Reporting Hub, at https://www.dssmith.com/sustainability/reporting-hub.

Independent third-party limited assurance of selected information for the 2019/20 base year was provided by Bureau Veritas.

See the full assurance statement on our ESG Reporting Hub, at https://www.dssmith.com/sustainability/reporting-hub.

Carbon pricing

We use internal carbon pricing as a tool to assess and manage carbon-related risks and opportunities. We apply an internal carbon price on an ad-hoc, project-by-project basis to arrive at the best cost solution, balancing financial and non-financial outcomes.

For example, in our strategic assessment to achieve Net Zero, we modelled growth and investment phasing over 30 years to tackle our greatest emission sources.

The analysis included a range of historic and forecast carbon prices, as well as carbon offset costs.

Targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based

Industry-specific metrics and targets used to assess and manage outcomes of climate-related risks and opportunities

Climate-related risk or opportunity	Metric	Unit of measure	2024/25	2023/24	2022/23	Trend
Increased spend on carbon taxes	Gross global Scope 1 emissions	tonnes CO_2e	**1,399,949***	1,340,272*	1,542,250*	
	Percentage covered under emissions-limiting regulations	Per cent	**70***	70*	73*	
Now & Next target: By 2030, reduce Scope 1, 2 and 3 GHG emissions by 46 per cent compared to 2019						
Increased cost of raw materials or threat to supply	Percentage of fibre use optimised for individual supply chains[1]	Per cent	**96.1**	90	64	
Now & Next target: By 2025, optimise fibre for individual supply chains in 100% of new packaging solutions						
Increased severity of extreme weather events	Internal and highly localised insurance metrics (financial and non-financial), such as loss expectancy and proprietary risk scores, which can be compared within the Company and across the industry					
Increased likelihood of water stress	Total water withdrawals	m^3	**53,783,405***	52,477,496*	53,802,571*	
	Percentage of water withdrawn from areas at risk of water stress	Per cent	**27***	29*	38	
	Percentage of paper mills and packaging sites with a water management plan in place	Per cent	**100**	10	–	–
Now & Next target: By 2025, 100 per cent of our paper mills and packaging sites to have water management plans[2]						
Growth in demand for sustainable packaging	Number of pieces of plastic replaced	Million units	**Over 1.7 billion (cumulative to the end of 2024/25)**			
Now & Next target: By 2025, help our customers to replace one billion pieces of plastic with alternative fibre-based solutions						
Greater resource efficiency	Total energy consumption	MWh	**14,258,793***	14,058,435*	14,407,601*	
	Water withdrawals at mills in areas at risk of water stress	m^3/t nsp (tonne net saleable production)	**9.3***	7.9*	8.9*	
Now & Next target: Maintain ISO 50001:2018 certification at 100 per cent of in-scope sites, covering 90 per cent of total energy consumption						
Use of lower-emission energy sources	Percentage of overall energy consumption from renewable sources	Per cent	**28***	29*	26	
	Percentage of electricity consumed that was generated from renewable sources	Per cent	**9***	11*	15	
Now & Next target: Reach Net Zero GHG emissions by 2050						

Selected information marked with an asterisk (*) has been independently assured by Deloitte – see the Independent Assurance Statement in DS Smith Sustainability Report 2025, page 45.

1. This figure represents c. 77 of our conventional packaging sites for which BSIR (Board Strength Index Rating) data is available. It does not capture all packaging designs and specifications and excludes board purchased externally and sheet board sales. See DS Smith Sustainability Report 2025, page 22.
2. Target updated from 'maintain water stress mitigation plans at 100% of our sites in current or future water-stressed areas'. Scope includes all manufacturing and operational sites within our boundary, with no minimum withdrawal threshold applied. This replaces the prior screening threshold of >5,000 m^3 annual water withdrawal.

Section 172 statement

Engaging with stakeholders: Section 172 statement

The Board aims to promote the success of the Company for the benefit of its shareholders as a whole, taking into account the long-term consequences of its decisions and looking at those decisions through a variety of lenses. This involves the Board and management considering in detail, and discussing, the interests of the Company's stakeholders including our customers; our people; our suppliers; local communities and non-governmental organisations; the importance of maintaining our reputation for high standards of business conduct and acting fairly as between shareholders; and the environment.

During the year under review, extensive engagement with shareholders was undertaken as a result of the combination with International Paper. This engagement included both direct meetings and publication of relevant documents describing both the processes and the businesses concerned. International Paper Company is now the sole shareholder of the Group and is directly involved in the day-to-day management of the business.

Engagement with our workforce

We are committed to ensuring our workplace is safe, diverse, and inclusive. By giving all of our c. 29,000 employees a voice, we promote a meritocracy with development opportunities for all, and recognition of achievement regardless of gender, ethnicity, age, or religion. We encourage feedback through our Employee Works Councils and employee pulse surveys and celebrate successes with our Smithie Awards. In addition, the combination with International Paper was responded to by enhanced engagement.

Other

As a result of the combination with International Paper, the Board membership was changed. Details are set out in Directors' Report on page 22.

Engagement with our suppliers, customers, and other stakeholders

We collaborate closely with our suppliers, partnering on a range of initiatives from circularity to carbon. This includes helping suppliers to calculate their carbon footprint, set a science-based target, and reduce emissions. We develop mutually cooperative, beneficial relationships that create value for all.

We interact with customers collaboratively in Impact Centres to assess changing trends, test pilot designs, and share best practice across regions. We business invest in innovation facilities that include pilot halls, laboratories, conditioning chambers, ideation and design studios, prototyping areas, and collaboration spaces to create more sustainable and efficient packaging solutions.

We aim to delight customers by understanding their needs and providing innovative solutions through long-term strategic partnerships. We continue to bring new solutions to market, increasing recyclability, and reducing our carbon footprint using our Circular Design Metrics. In addition, the combination with International Paper Company was responded to by enhanced engagement with suppliers and customers.

Engagement with the Environment & Communities

The Environment remains an integral part of our DNA as a leader in Sustainability. As we move through the process of integrating with International Paper, we will continue to lead for our customers, our investors, our suppliers and for our colleagues. Our relentless focus on efficiency, balanced with the needs of our customers and reducing our impact on the natural world remains and will form a key part of our work with International Paper Company.

We are in the process of developing our new sustainability framework across the global business and look forward to sharing our progress in more detail next year.

We operate primarily in Europe, and our communities comprise an important part of our workforce. We are committed to being a good neighbour and employer through our community engagement, donations, and volunteer activities. Our community engagement aims to promote three strategic themes: biodiversity conservation, sustainability education for students, and providing unique expertise to give back through box and paper donations. Through these themes, we can give back to the communities where we operate.

Section 172 statement continued

Engagement with Government & NGOs

Our government and NGO engagement is both direct and indirect, through trade associations. We aim to influence change to create a favourable landscape for our Company and stakeholders. Governments and NGOs want to engage in collaborative partnerships with the private sector, leveraging resources and building capacity to address systemic issues, particularly those impacting our industry. We engage in consultations relating to our policy priorities – decarbonisation of heat, reuse and recycling, and extended producer responsibility. We take a leadership role with non-governmental organisations, such as our strategic partnership with the Ellen MacArthur Foundation, the Science Based Targets initiative and the 4evergreen alliance.

Balancing stakeholders' interests

Each Board pack for Board meetings includes a reminder of each Director's duties under section 172 of the Companies Act 2006. That frames our deliberations at meetings in the context of a reminder that every Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, while thinking about the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly as between the members of the Company.

On behalf of the board:

....

T S Nicholls - Director
15 December 2025

Directors' report

The Directors present their report with the financial statements of the Company and the Group for the year ended 30 April 2025.

The Directors' Report should be read in conjunction with the Strategic Report, which shall be deemed to form part of the Directors' Report to the extent required by applicable law and regulations.

Engagement with suppliers, customers, and others (7Sch 11B (1) CA 06) is covered in the Section 172 Statement. Engagement with employees (7Sch 10 CA 06) is also covered in the Section 172 Statement. Disclosure of the financial risk management objectives and policies of the company and its subsidiary undertakings included in the consolidation are set out in Note 19 Financial Instruments.

On 5 February 2025, the Company re-registered from a public limited company to a private company and changed its name from DS Smith PLC to DS Smith Limited.

Principal activities

DS Smith Limited and its subsidiaries ('the Group') is an international packaging Group that offers sustainable, plastic-free packaging, integrated recycling services and sustainable paper products in more than 30 countries, primarily in Europe.

Dividends

An interim dividend of £85.5 million (6.2p per share) in respect of the year ended 30 April 2025 (2024 interim dividend £82.5 million, 6.0p per share) was distributed to ordinary shareholders on 29 January 2025.

Future developments

Following the combination between DS Smith and International Paper, we remain focused on the integration of the businesses, whilst continuing to deliver innovative packaging solutions to our customers. We have experienced higher input costs in the year, notably in paper, fibre, and energy. Fibre and energy abating prices have stabilised in recent months. Demand remains softer than we had expected but will improve as we enter the higher demand holiday season.

Ownership of the DS Smith North America Paper and Packaging business was transferred to International Paper in July 2025.

Directors

The Directors who have held office during the period from 1 May 2024 to the date of this report are:

T S Nicholls (appointed 31 January 2025)
V P A M J Bonnot (appointed 31 January 2025)
S W Hieatt (appointed 31 January 2025)
M W Roberts (resigned 4 February 2025)
R N Pike (resigned 4 February 2025)
G Drabble (resigned 31 January 2025)
I D C Simm (resigned 4 February 2025)
A Johnson (resigned 31 January 2025)
A Kessel (resigned 31 January 2025)
D A Robbie (resigned 31 January 2025)
L H Smalley (resigned 3 September 2024)

Directors' report continued

Directors' interest and transactions with Directors

None of the Directors at 30 April 2025 had any interests required to be disclosed under Section 182 of the Companies Act 2006. There were no changes in the Directors' interest between 30 April 2025 and the date of approving this report. No Director during the year had any interest in any contract significant to the Group's business.

Policy on payment of creditors

The company and its subsidiary undertakings are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Company policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. The Group's trade creditors at 30 April 2025 represented 93 days' purchases (2024: 104 days).

Research and Development

The long-term structural growth drivers for corrugated packaging remains strong and we continue to invest in our business, supporting our customers, driving both operational and environmental efficiency, and growing our capacity and capabilities.

Most recently, the Group opened a new research and development facility, R8, in Redditch near Birmingham, which includes a 4,000m2 pilot hall, four laboratories, conditioning chambers, an ideation and design studio, prototyping areas, and collaboration spaces, and allows the Group, its customers, and partners to accelerate the research and development of new packaging concepts.

Going concern

The Board has reviewed a detailed consideration of going concern, based on the Group's recent trading and forecasts, and including scenario analysis. This takes into account reasonably foreseeable changes in trading performance, including the continued uncertainty caused by high inflation and the ongoing war in Ukraine and reactivation of Middle East conflict. More detail of the assessment performed is included in note 1 to the financial statements.

At 30 April 2025 there was headroom on the Group's committed debt facilities, at a level of c£0.5 billion, which follows the maturity of c£0.55 billion of mid-term debt instruments. The going concern assessment included the period to 31 December 2026.

Based on the resilience of the Group's operations to the high-cost environment experienced in recent years, weak demand experienced during FY24 and depressed paper prices reflective of the bottom of the paper cycle, as well as the current and forecast liquidity available, the Board believes that the Group is well placed to manage its business risks successfully despite the uncertainties inherent in the current economic outlook.

The Group's current committed bank facility headroom, its forecast liquidity headroom over the going concern period of assessment and potential mitigating activities available to management have been considered by the Directors. Furthermore, the Directors have made enquiries of the parent, International Paper Company, leading to an understanding that the likely intention for the future financing of DS Smith Limited, is primarily through intercompany financing structures with DS Smith's parent, International Paper Company.

Given the likely intention to finance DS Smith Ltd primarily through intercompany finance structures, the ultimate parent undertaking, International Paper Company, has provided a support letter indicating that they will continue to provide the financial support to enable the company to meet its liabilities as and when they fall due for the assessment period. The parent company will continue to review group and company liquidity needs in light of the business and financial impacts it may face in light of economic factors such as lower growth environment of high input costs and supressed selling prices and any mitigating actions which may be required. The Directors have considered all of these factors In forming their view that it is appropriate to conclude that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 December 2026. For this reason, the going concern basis has been adopted in preparing the financial statements.

The financial statements have been prepared on the going concern basis with no material uncertainty identified after a detailed assessment.

Directors' indemnity provisions

In accordance with the Companies (Audit, Investigation, and Community Enterprise) Act 2004, as at the date of this report, the articles of association contained provision for third-party qualifying indemnities where the Group has agreed to indemnify the Directors in respect of losses arising out of, or in connection with, the execution of their duties and responsibilities as Directors of the Company, and this was in force throughout the financial year ended 30 April 2025.

Directors' report continued

Post balance sheet events

On 23 May 2025, International Paper Company announced that following a strategic review, it proposes to close five packaging sites in the UK to improve efficiencies and respond to the evolving needs of customers in challenging trading conditions. The proposals also include the relocation of one site, the move from 24/7 to 24/5 operations at one site and a small headcount reduction at two further packaging sites. The proposal is expected to be implemented by 31 December 2025 and approximately 300 roles may be affected. A consultation with employees and unions is ongoing. On 29 July 2025, the Group completed the sale of its North American Paper and Packaging division to its ultimate parent company, International Paper Company, Inc. This resulted in sale proceeds of £1.59 billion, settled by an increase in intra-group receivables, and a profit on disposal of £302 million. On 1 September 2025, the Group announced plans to close its paper mill in Belišće, Croatia, and expects this to result in a fixed asset impairment of £44 million. On 30th October 2025, a subsidiary of DS Smith Limited declared and paid a dividend up through the chain to DS Smith Limited. DS Smith Limited subsequently declared a dividend of £974 million left outstanding to its immediate parent company, International Paper UK Holdings Limited, satisfied by assigning and transferring an equivalent value of intra-Group receivables.

Audit adjustment

During the period the Directors of the Company were notified of a material audit adjustment that required correction as part of the financial statement audit. The Directors of the Company and management of International Paper Company engaged an independent third party to conduct independent forensic investigations into the misstatement and other entries which were indicative of possible additional accounting errors and misstatements.

Bonus payments of £10 million were awarded by the Remuneration Committee to Directors and employees in January 2025 (prior to the acquisition of the Group) under the terms of the legacy DS Smith bonus award scheme. Results showing the trading performance of the Group to 31 December 2024 presented to the Board of Directors included a £25 million journal entry which was reversed as a corrected audit misstatement. The results presented to the Board of Directors also included a £30 million gain on the sale of North America forestry assets which completed in January 2025. These entries did not impact any previous, publicly disclosed financial information.

The investigation identified internal control deficiencies which are being remediated, and errors in internal management reporting but no instances of further errors or misstatements that impacted the Group's financial statements.

Disclosure of information to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of the information.

Auditors

In accordance with Section 489 of the Companies Act 2006 and following the combination with International Paper Company completed on 31 January 2025, the incumbent auditor, Ernst & Young LLP, is expected to resign, and Deloitte LLP will be proposed for appointment at the following Annual General Meeting.

On behalf of the board:

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T S Nicholls - Director
15 December 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Group and Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law they have elected to prepare the Group Financial Statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, and the parent Company Financial Statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework. Company law requires the Directors to prepare Group and parent Company Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards (IFRSs) and have elected to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 Group and Company and of their profit or loss for that period. In preparing each of the Group and Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- for the Company Financial Statements, state whether the applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company Financial Statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations or have no realistic alternative but to do so.

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 its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Financial Statements

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole; and
- the Strategic Report and the Directors' Report, including content contained by reference, includes a fair review of the development and performance of the business and the position and performance of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board confirms that the Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 15 December 2025 and is signed on its behalf by:

T S Nicholls Director	**V P A M J Bonnot** Director

Opinion

In our opinion:

- DS Smith Limited's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2025 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of DS Smith Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2025 which comprise:

Group	Parent company
Consolidated statement of financial position as of 30 April 2025	Statement of financial position as at 30 April 2025
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 18 to the financial statements including material accounting policy information
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 31 to the financial statements, including material accounting policy information.	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 group and parent 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 as applied to listed entities, 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.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- performed independent analysis of events and factors that we would expect to be considered by management, prior to inspecting its going concern analysis, to determine if there were any scenarios or factors not included;
- audited the key factors and assumptions adopted in the assessment of going concern and the cash flow model, including considering whether management had exercised any bias in selecting their assumptions, by comparing against past performance and available market data;
- understood the operation of management's model, checked the clerical accuracy of management's models;
- verified the terms of the facilities specifically around maturity, interest rates, and any restrictions or covenants of the borrowings held by the group at the date of approving of the financial statements against the original contracts. In addition, we have obtained independent third-party confirmations for the borrowings held by the group;
- obtained evidence of the changes in the facility agreements resulting from the acquisition of the Company by International Paper Company noting that the previous covenants have been replaced by covenants directly with International Paper Company;
- checked the consistency of the factors and assumptions adopted in the going concern assessment with other areas of our audit, including the group's asset impairment test and deferred tax assessment;
- challenged the appropriateness and adequacy of the going concern assessment period until 31 December 2026, considering whether any events or conditions foreseeable after the period indicated a longer review period would be appropriate;
- considered the downside scenario identified by management in their assessment on page 43, assessing whether there are any other scenarios which should be considered, and assessing whether the quantum of the impact of the downside scenario in the going concern period was sufficiently severe whilst remaining plausible;
- performed additional independent sensitivity assessment on EBITDA to and assess impact in the group's liquidity within the going concern assessment period;
- assessed the ability of the group's ultimate parent company, International Paper Company, to provide necessary financial support to the group and company for the going concern period to 31 December 2026, including performing an assessment of the events or conditions which could lead to the group's ultimate parent company exhausting all liquidity or breaching the financial covenants during the going concern period.
- assessed the appropriateness of the group's disclosure concerning the going concern basis of preparation

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 group and parent company's ability to continue as a going concern for a period to 31 December 2026.

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 group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 9 components and audit procedures on specific balances for a further 11 components. • The components where we performed full or specific audit procedures accounted for 90% of Profit before tax on an absolute basis, 83% of Revenue and 86% of Total assets.
Key audit matters	• Carrying value of the North America operating unit ('NAPP') • Valuation of uncertain tax positions
Materiality	• Overall group materiality of £21.4m which represents 5% of the three-year average adjusted profit before tax.

An overview of the scope of the parent company and group audits

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the group financial statements, we considered our understanding of the group and its business environment, the potential impact of climate change, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that centralised audit procedures would be performed on going concern assessment, goodwill, accounting for asset held-for-sale, right-of-use assets and lease liabilities, pension assets and pension obligations, deferred tax recoverability, assessment of transfer pricing, derivative financial instruments and equity.

We then identified 9 components as individually relevant to the group due to relevant events and conditions underlying the identified risks of material misstatement of the group financial statements being associated with the reporting components or pervasive risks of material misstatement of the group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components and considering the financial size of the component relative to the group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We selected 11 components of the group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the 20 components selected, we designed and performed audit procedures on the entire financial information of 9 components ("full scope components"). For 11 components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components"). For the remaining components, we performed other procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the key audit matters section of our report.

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as Internal Audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements within the four geographic segments, three in Europe (Northern Europe, Eastern Europe and Southern Europe) and another in North America, we selected 20 components (2024: 20) covering entities within the United Kingdom, France, Germany, Spain, Portugal, Italy, United States of America, Belgium, Denmark, Hungary, Netherlands, Poland, Austria and Sweden, which represent the principal business units within the group.

Of the 20 components selected, we performed an audit of the complete financial information of 9 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 11 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

Of the remaining components that together represent 10% of the group's adjusted profit before tax on an absolute basis, we performed other procedures to obtain evidence for one or more relevant assertions. This included analytical reviews, testing of cash balances, testing of consolidation journals and enquiry of management about unusual transactions in these components to respond to any potential risks of material misstatement to the group financial statements.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the group audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 9 full scope components, audit procedures were performed on 2 of these directly by the group audit team. For the 11 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

- The group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Executive members of the audit team visited the primary operating locations where the group audit scope is focused. During the current year's audit cycle, visits were undertaken by the group audit team to the component teams in United Kingdom Based on the responses on the inquiry, no additional subsequent events other than those have been disclosed in the financial statements. Spain, United States of America, France and Germany (2024: United Kingdom, Spain, United States of America and Italy). These visits involved discussing the audit approach with the component team and any issues arising from their work, and meetings with local management and visits to operational sites. The group team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact DS Smith Limited's group. The group has determined that the most significant future impacts from climate change on its operations will be from (i) increased spend on carbon taxes, (ii) increased cost of raw materials or threat to supply, (iii) increased severity of extreme weather events and (iv) increased likelihood of water stress. These are explained on pages 9 - 20 in the Climate Related Financial Disclosures and on pages 6 in the principal risks and uncertainties. All of these disclosures form part of the "Other information," rather than the audited consolidated financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its consolidated financial statements.

The group has explained in its basis of preparation, in note 1, how they have reflected the impact of climate change in their consolidated financial statements including how this aligns with their commitment to the aspirations as set out in their Climate Related Financial Disclosures and its defined sustainability targets as outlined in the Strategic report. The basis of preparation also explains management's consideration of the impact of climate change in respect of (a) estimates of future cash flows used in the impairment assessment of goodwill and going concern, (b) assessment of residual values and estimated useful economic lives of property, plant and equipment, (c) adequacy of provisions for liabilities. Whilst management disclosed that the group's sustainability strategy did not have a material impact, management is aware that this will evolve in future periods and will regularly assess these risks against the judgements and estimates made in preparation of the group's consolidated financial statements.

Our audit effort in considering the impact of climate change on the consolidated financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 9-20 and the significant judgements and estimates disclosed in note 1 of the group financial statements and whether these have been appropriately reflected in the future cash flows used to assess the carrying value of goodwill, economic life of property, plant and equipment, going concern and adequacy of provisions following the requirements of UK adopted International Accounting Standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the consolidated financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the consolidated financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Risk</th><th>Our response to the risk</th></tr>
<tr><td>Carrying value of the North America operating unit ('NAPP')

Refer to the Accounting policies (page 48 to 49); and Note 9 of the Consolidated Financial Statements (pages 63 to 65)

As at 30 April 2025, the total carrying value of the North America operating unit was £1,086m, which was reclassified to assets held for sale during the financial year.

NAPP has maintained positive EBITDA in recent years, however, historical results fell short of budget due to slower recovery in US demand and paper prices, compounded by a long paper position requiring exports at lower prices. In the current year, NAPP continues to experience performance shortfalls due to the ongoing slow recovery in consumer goods demand.

Following International Paper's acquisition of the Group, management initiated a restructuring of NAPP operations, with an internal sale that was completed in July 2025. As at 30 April 2025, NAPP met the criteria for classification as an asset held for sale under IFRS 5 and was valued at the lower of cost or fair value.

Consequently, the impairment assessment methodology shifted from value-in-use to fair value less costs of disposal (FVLCD), based on the expected sale price derived from an external specialist engaged by the management. This valuation involves significant judgement due to its preliminary nature and heightened uncertainty from recent market volatility, including adverse macroeconomic sentiment following new US tariff announcements.</td><td>We tested the estimated fair value of NAPP by performing the following procedures:

• We obtained an understanding of and identified management's internal controls designed to respond to the risk related to the impairment of NAPP.
• We read the valuation report prepared by management's external specialist. In addition, we held a meeting with management's external specialist to understand their valuation approach.
• We evaluated the competency and objectivity of the management's external specialist in relation to the valuation work.
• We engaged our internal specialist to perform an independent review of the fair value methodology applied by the management's external specialist.
• We performed sensitivity analyses to assess the potential impact of broader macroeconomic and geopolitical developments on the fair value of NAPP.
• We read the agreement for the sale of NAPP to verify that the agreed sale value is consistent with the fair value applied in the impairment assessment.
• We evaluated the appropriateness of the financial statement disclosures.</td></tr>
<tr><td colspan="2">Key observations communicated to those charged with governance

Based on the audit procedures performed and considering the most recent valuation of NAPP, we conclude that management's assessment that no impairment is required on the carrying value of NAPP, is reasonable.</td></tr>
</table>

Risk	Our response to the risk
Valuation of uncertain tax positions *Refer to Accounting policies (page 52); and Note 6 to the Consolidated Financial Statements (pages 59 to 61)* For the year ended 30 April 2025 the group recognised a total tax risk provision (including interest) of £95m (2024: £94m). The group is subject to income tax in numerous jurisdictions and is routinely under audit by tax authorities in the ordinary course of business. Management applies judgement in assessing uncertain tax positions in each jurisdiction, which requires interpretation of local tax laws and specific facts and circumstances. Specifically, each tax provision involves the evaluation of unique and evolving facts and circumstances. Given this judgement, there is a risk that tax provisions may be misstated	Our approach focused on the following procedures: • We obtained an understanding of management's key controls over their tax provision in supporting the prevention, detection and correction of material errors in the financial statements. • The group audit team, evaluated the tax positions taken by management in each significant jurisdiction in the context of local tax law, correspondence with tax authorities and the status of any tax audits. Our work utilised support from local country tax specialists in jurisdictions where the group has more significant tax exposures. • We assessed the group's transfer pricing judgements, considering the way in which the group's businesses operate and the correspondence and agreements reached with tax authorities, including correspondence on tax audits and reviewing tax returns. • We evaluated the methodology adopted by management to calculate uncertain tax provisions and whether this is compliant with IFRIC 23. • In evaluating management's accounting, we developed our own range of acceptable provision levels for the group's tax exposures, based on the evidence we obtained. • The group audit team evaluated the completeness of uncertain tax positions by understanding the group's process for determining the completeness of identified tax risks and challenging whether risks provided for in one jurisdiction were applicable in other jurisdictions. • We evaluated the adequacy of the related disclosures provided in the group financial statements.
Key observations communicated to those charged with governance Management's provision falls within our independently determined range and as a result we are satisfied that the estimates and judgements made by management in the valuation and accounting of uncertain tax provisions are reasonable and in accordance with IAS 12 and IFRIC 23. We are satisfied that appropriate disclosures on the uncertain tax positions have been made in the consolidated financial statements.	

In the prior year, our auditor's report included a key audit matter in relation to going concern. In the current year, the planned all-share combination with International Paper Company has completed on 31 January 2025, removing the risk on change of control and its impact on the group's ability to continue as a going concern.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

- We determined materiality for the group to be £21.4 million (2024: £23.8 million). We have set materiality based on 5% of the three-year average profit before tax with the current year adjusted for transaction costs as it is a key performance measure for the users of the financial statements. Transaction costs are described in Note 3 of the group financial statements. The basis for materiality was changed to a three-year average adjusted profit before tax due to significant volatility in current year results and the cyclical nature of the industry within which the group operates. This approach provides a more stable and representative materiality basis for users of the current financial year's financial statements.

- We determined materiality for the parent company to be £36.8m (2024: £35.2 million), which is 0.5% of total assets (2024: 1% of equity). The basis for materiality was changed from equity to total assets following the significant equity transactions in the current period. We consider total assets to be an appropriate basis for materiality for a holding company, as the users of the financial statements focus on a capital-based measure.

During the course of our audit, we reassessed initial materiality and there has been no change from our original assessment determined during planning.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% (2024: 50%) of our planning materiality, namely £10.7m (2024: £11.9m). We have set performance materiality at this percentage consistent with prior year and includes considerations from the findings of our previous year audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £2.1m to £8.6m (2024: £2.4m to £9.5m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the those charged with governance that we would report to them all uncorrected audit differences in excess of £1.1m (2024: £1.1m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 - 25, including the Group Strategic Report and Directors' 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.

Opinions on other matters 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 the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited 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 25, 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 group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

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 group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those related to the reporting frameworks (UK adopted International Accounting Standards and United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, and the relevant tax compliance regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, mainly relating to health and safety, employee matters and environmental legislation.

- We understood how DS Smith Limited is complying with those frameworks making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes and papers provided to the those charged with governance and attendance at meetings of the those charged with governance, as well as consideration of the results of our audit procedures across the group to either corroborate or provide contrary evidence which was then followed up. We tested management's entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand which areas were susceptible to fraud. We also considered performance targets and their propensity to influence management to manage earnings.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing Board minutes to identify non-compliance with such laws and regulations, review of reporting to the those charged with governance on compliance with regulations and enquires of the Company Secretary and management.

- We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where risk was considered as higher, we performed audit procedures to address each identified fraud risk.

- With the assistance of our forensic specialists and considering our understanding of the group, we designed our audit procedures to identify non-compliance with such laws and regulations that could have a material impact on the financial statements. Our procedures involved: enquiries of group management, those charged with governance, head of legal and external legal advisors, and internal audit; reading of internal and external reports; challenging the assumptions and judgements made by management in respect of significant accounting estimates; incorporating data analytics across our audit approach, testing of manual journal entries recorded to revenue and group-level adjustments and any other large or unusual transactions to gain reasonable assurance that the financial statements were free from fraud and error; and involvement of forensic specialists as required. Where observations are raised about management's process or controls surrounding compliance with laws and regulations by us or others, we consider the potential effect of those observations. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

- During our audit, we identified a material misstatement that was subsequently corrected by management. As a result of this and identification of further potential accounting errors, the parent company engaged a third-party firm to undertake an independent forensic investigation into these matters. Our procedures in response to these indicators of potential fraud and non-compliance with laws and regulations included:

    - inquiring of internal and external legal counsel, and specialists engaged by management,
    - considering the appropriateness of specialists' reports and conclusions,
    - using EY specialists to support us in concluding on the matters identified,
    - performing enhanced procedures on the consolidation including additional manual journal entry testing; and
    - reviewing whistleblowing logs and understanding management's response.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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.

Ernst + Young LLP

Kevin Harkin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, 16 December 2025

Consolidated income statement

Year ended 30 April 2025

Continuing operations	Note	2025 £m	2024 re-presented[1] £m
Revenue	2	**6,051**	6,236
Operating costs	3	**(6,027)**	(5,630)
Operating profit		**24**	606
Finance income	4	**8**	14
Finance costs	4	**(143)**	(114)
Employment benefit net finance income/(expense)	23	**1**	(1)
Net financing costs		**(134)**	(101)
(Loss)/profit after financing costs		**(110)**	505
Share of profit of equity accounted investments, net of tax	12	**–**	–
(Loss)/profit before income tax		**(110)**	505
Income tax expense	6	**(29)**	(137)
(Loss)/profit for the year from continuing operations		**(139)**	368
Discontinued operations			
Profit for the year from discontinued operations, net of tax	7	**13**	17
(Loss)/profit for the year		**(126)**	385

(Loss)/profit for the year attributable to:		
Owners of the parent	**(126)**	385
Non-controlling interests	**–**	–

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

Consolidated statement of comprehensive income

Year ended 30 April 2025

	Note	2025 £m	2024 £m
(Loss)/profit for the year		**(126)**	385
Items which will not be reclassified subsequently to profit or loss			
Actuarial loss on employee benefits	23	**(3)**	(2)
Income tax on items which will not be reclassified subsequently to profit or loss	6	**1**	1
Items which may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**(87)**	(147)
Cash flow hedges fair value changes		**50**	(236)
Reclassification from cash flow hedge reserve to income statement	19(c)	**(19)**	25
Movement in net investment hedge		**8**	41
Income tax on items which may be reclassified subsequently to profit or loss	6	**(7)**	43
Other comprehensive expense for the year, net of tax		**(57)**	(275)
Total comprehensive (expense)/income for the year		**(183)**	110
Total comprehensive (expense)/income attributable to:			
Owners of the parent		**(183)**	110
Non-controlling interests		**–**	–

Consolidated statement of financial position

At 30 April 2025

	Note	2025 £m	2024 £m
Assets			
Non-current assets			
Intangible assets	9	**2,021**	2,811
Biological assets		**5**	11
Property, plant and equipment	10	**3,562**	3,743
Right-of-use assets	11	**211**	237
Equity accounted investments	12	**4**	17
Other investments	13	**9**	17
Employee benefits	23	**70**	50
Deferred tax assets	20	**31**	23
Other receivables	15	**7**	4
Derivative financial instruments	19	**19**	15
Total non-current assets		**5,939**	6,928
Current assets			
Inventories	14	**561**	591
Biological assets		**-**	5
Income tax receivable		**25**	37
Trade and other receivables	15	**1,138**	1,130
Cash and cash equivalents	17	**277**	499
Derivative financial instruments	19	**36**	64
Assets held for sale	7	**1,209**	-
Total current assets		**3,246**	2,326
Total assets		**9,185**	9,254
Liabilities			
Non-current liabilities			
Borrowings	18	**(2,932)**	(2,040)
Employee benefits	23	**(72)**	(82)
Other payables	16	**(30)**	(31)
Provisions	22	**(7)**	(8)
Lease liabilities	11	**(153)**	(164)
Deferred tax liabilities	20	**(167)**	(213)
Derivative financial instruments	19	**(20)**	(71)
Total non-current liabilities		**(3,381)**	(2,609)
Current liabilities			
Bank overdrafts	17	**(93)**	(89)
Borrowings	18	**(91)**	(397)
Trade and other payables	16	**(1,706)**	(1,819)
Income tax liabilities		**(86)**	(134)
Provisions	21	**(53)**	(60)
Lease liabilities	11	**(68)**	(75)
Derivative financial instruments	19	**(75)**	(122)
Liabilities held for sale	7	**(123)**	-
Total current liabilities		**(2,295)**	(2,696)
Total liabilities		**(5,676)**	(5,305)
Net assets		**3,509**	3,949
Equity			
Issued capital	22	**-**	138
Share premium	22	**2,270**	2,258
Reserves	22	**1,239**	1,553
Total equity attributable to owners of the parent		**3,509**	3,949
Non-controlling interests		**-**	-
Total equity		**3,509**	3,949

The accompanying notes are an integral part of these consolidated financial statements. Approved by the Board of Directors of DS Smith Limited on 15 December 2025 and signed on its behalf by:

T S Nicholls

Director

V P A M J Bonnot

Director

Consolidated statement of changes in equity

Year ended 30 April 2025

	Note	Share capital £m	Share premium £m	Hedging reserve £m	Translation reserve £m	Own shares £m	Retained earnings[1] £m	Total equity attributable to owners of the parent £m	Non-controlling interests £m	Total equity £m
At 1 May 2023		**138**	**2,251**	**113**	**15**	**(14)**	**1,581**	**4,084**	**3**	**4,087**
Profit for the year		–	–	–	–	–	385	385	–	385
Actuarial loss on employee benefits	23	–	–	–	–	–	(2)	(2)	–	(2)
Foreign currency translation differences		–	–	–	(147)	–	–	(147)	–	(147)
Cash flow hedges fair value changes		–	–	(236)	–	–	–	(236)	–	(236)
Reclassification from cash flow hedge reserve to income statement	19c	–	–	25	–	–	–	25	–	25
Movement in net investment hedge		–	–	–	41	–	–	41	–	41
Income tax on other comprehensive income		–	–	41	2	–	1	44	–	44
Total comprehensive (expense)/income		**–**	**–**	**(170)**	**(104)**	**–**	**384**	**110**	**–**	**110**
Issue of share capital		–	7	–	–	–	–	7	–	7
Employee share trust		–	–	–	–	5	(9)	(4)	–	(4)
Share-based payments (net of tax)		–	–	–	–	–	(4)	(4)	–	(4)
Dividends paid	8	–	–	–	–	–	(247)	(247)	–	(247)
Transactions with non-controlling interests		–	–	–	–	–	3	3	(3)	–
Other changes in equity in the year		**–**	**7**	**–**	**–**	**5**	**(257)**	**(245)**	**(3)**	**(248)**
At 30 April 2024		**138**	**2,258**	**(57)**	**(89)**	**(9)**	**1,708**	**3,949**	**–**	**3,949**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(126)**	**(126)**	**–**	**(126)**
Actuarial loss on employee benefits	23	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**	**–**	**(3)**
Foreign currency translation differences		**–**	**–**	**–**	**(87)**	**–**	**–**	**(87)**	**–**	**(87)**
Cash flow hedges fair value changes		**–**	**–**	**50**	**–**	**–**	**–**	**50**	**–**	**50**
Reclassification from cash flow hedge reserve to income statement	19c	**–**	**–**	**(19)**	**–**	**–**	**–**	**(19)**	**–**	**(19)**
Movement in net investment hedge		**–**	**–**	**–**	**8**	**–**	**–**	**8**	**–**	**8**
Income tax on other comprehensive income		**–**	**–**	**(6)**	**(1)**	**–**	**1**	**(6)**	**–**	**(6)**
Total comprehensive income/(expense)		**–**	**–**	**25**	**(80)**	**–**	**(128)**	**(183)**	**–**	**(183)**
Issue of share capital		**1**	**12**	**–**	**–**	**–**	**–**	**13**	**–**	**13**
Share capital reduction (note 22)	22	**(139)**	**–**	**–**	**–**	**–**	**139**	**–**	**–**	**–**
Employee share trust		**–**	**–**	**–**	**–**	**9**	**(35)**	**(26)**	**–**	**(26)**
Share-based payments (net of tax)		**–**	**–**	**–**	**–**	**–**	**7**	**7**	**–**	**7**
Dividends paid	8	**–**	**–**	**–**	**–**	**–**	**(251)**	**(251)**	**–**	**(251)**
Other changes in equity in the year		**(138)**	**12**	**–**	**–**	**9**	**(140)**	**(257)**	**–**	**(257)**
At 30 April 2025		**–**	**2,270**	**(32)**	**(169)**	**–**	**1,440**	**3,509**	**–**	**3,509**

1. Retained earnings include a reserve related to merger relief (note 22).

Consolidated statement of cash flows

Year ended 30 April 2025

Continuing operations	Note	2025 £m	2024 re-presented[1] £m
Operating activities			
Cash generated from operations	25	**152**	501
Interest received		**8**	14
Interest paid		**(143)**	(78)
Tax paid		**(89)**	(167)
Cash flows (used in)/from operating activities		**(72)**	270
Investing activities			
Acquisition of subsidiary businesses, net of cash and cash equivalents	28	**(10)**	(113)
Divestment of equity accounted investment	28	**–**	5
Capital expenditure		**(459)**	(502)
Proceeds from sale of property, plant and equipment and intangible assets		**14**	41
Cash flows used in investing activities		**(455)**	(569)
Financing activities			
Proceeds from issue of share capital		**13**	7
Repayment of borrowings		**(394)**	(616)
Proceeds from borrowings		**975**	1,284
Proceeds/(payments) from derivative financial instruments		**3**	(2)
Repayment of principal on lease liabilities	11	**(69)**	(63)
Dividends paid to Group shareholders	8	**(251)**	(247)
Other financing activities		**–**	(3)
Cash flows from financing activities		**277**	360
(Decrease)/increase in cash and cash equivalents from continuing operations		**(250)**	61
Discontinued operations			
Cash flows from/(used in) discontinued operations	7	**27**	(3)
(Decrease)/increase in cash and cash equivalents		**(223)**	58
Net cash and cash equivalents at beginning of the year		**410**	368
Transfer to held for sale	7	**(3)**	–
Exchange losses on cash and cash equivalents		**–**	(16)
Net cash and cash equivalents at end of the year	17	**184**	410

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

Notes to the consolidated financial statements

1. Material accounting policies

(a) Basis of preparation

(i) Consolidated financial statements

These financial statements are the consolidated financial statements for the Group consisting of DS Smith Limited, a company registered in England and Wales, and all its subsidiaries. The consolidated financial statements have been prepared and approved by the Directors in accordance with the recognition, measurement and presentation requirements of UK-adopted International Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the requirements of the Companies Act 2006. UK-adopted IFRS are equivalent to those issued by the IASB for the purposes of the consolidated financial statements.

The consolidated financial statements are prepared on the historical cost basis with the exception of biological assets, other investments, assets and liabilities of certain financial instruments and employee benefit plans that are stated at their fair value and share-based payments that are stated at their grant date fair value. The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect whether and how policies are applied, and the reported amounts of assets and liabilities, income and expenses. Estimates with a significant risk of material adjustment and the critical accounting judgement are discussed in accounting policies 1(x).

Going concern

The Board has reviewed a detailed consideration of going concern, based on the Group's recent trading and forecasts, and including scenario analysis. This takes into account reasonably foreseeable changes in trading performance, including the continued uncertainty caused by high inflation and the ongoing war in Ukraine and reactivation of Middle East conflict. More detail of the assessment performed is included in note 1 to the financial statements.

At 30 April 2025 there was headroom on the Group's committed debt facilities, at a level of c£0.5 billion, which follows the maturity of c£0.55 billion of mid-term debt instruments. The going concern assessment included the period to 31 December 2026.

Based on the resilience of the Group's operations to the high-cost environment experienced in recent years, weak demand experienced during FY24 and depressed paper prices reflective of the bottom of the paper cycle, as well as the current and forecast liquidity available, the Board believes that the Group is well placed to manage its business risks successfully despite the uncertainties inherent in the current economic outlook.

The Group's current committed bank facility headroom, its forecast liquidity headroom over the going concern period of assessment and potential mitigating activities available to management have been considered by the Directors. Furthermore, the Directors have made enquiries of the parent, International Paper Company, leading to an understanding that the likely intention for the future financing of DS Smith Limited, is primarily through intercompany financing structures with DS Smith's parent, International Paper Company.

Given the likely intention to finance DS Smith Ltd primarily through intercompany finance structures, the ultimate parent undertaking, International Paper Company, has provided a support letter indicating that they will continue to provide the financial support to enable the company to meet its liabilities as and when they fall due for the assessment period. The parent company will continue to review group and company liquidity needs in light of the business and financial impacts it may face in light of economic factors such as lower growth environment of high input costs and supressed selling prices and any mitigating actions which may be required. The Directors have considered all of these factors In forming their view that it is appropriate to conclude that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 31 December 2026. For this reason, the going concern basis has been adopted in preparing the financial statements.

The financial statements have been prepared on the going concern basis with no material uncertainty identified after a detailed assessment.

Liquidity and financing position

The total debt facilities at 30 April 2025 were £3.5 billion, of which £2.0 billion is publicly listed debt with no attached covenants. The remaining £1.5 billion of debt is unlisted with no covenants directly related to DS Smith Ltd, but replaced by covenants directly with its parent, International Paper Company. The Group has access to £0.5 billion of committed, undrawn bank facilities as at 30 April 2025, which provide liquidity to the Group.

In determining the going concern basis for preparing the financial statements, the Directors consider the Company's objectives and strategy, its principal risks and uncertainties in achieving its objectives and its review of business performance and financial position. The economic environment reflected in this going concern assessment is based on the latest full year forecast available for calendar year 2026 (CY26), which anticipates moderate organic box volume growth across each of our regions, recognising the inflationary pressures in the Group's raw materials and overhead cost bases. In preparing the financial statements, the Group has modelled two scenarios in its assessment of going concern, evaluated relative to the Group's activities with the exception of its North American Paper and Packaging division, which was held for sale in the financial statements at 30 April 2025 as identified in note 7. These are:

1. Material accounting policies continued

(a) Basis of preparation continued

(i) Consolidated financial statements continued

Liquidity and financing position continued

- The base case is derived from the latest forecast available for CY26. The key inputs and assumptions include: Paper price increases in H1 CY26 and corresponding increases in sales price followed by paper price decreases in H2 CY26, packaging volume growth at moderate levels across the future periods, driven by continued FMCG and e-commerce demand recovery, together with the recovery in industrial volumes. Both paper sales price and input fibre price are consistent with those anticipated in the forecast.
- The downside case assumes the above base case scenario but modelled to assume no further recovery on selling price, stagnated volume growth and double inflationary pressures on the cost base. Certain controllable cost measures in relation to Capex have been assumed to mitigate risks.

Mitigating actions

Whilst the downside case scenario incorporates some level of mitigating actions in relation to Capex, a further range of options remain at the Group's disposal should they be required which provide the opportunity to support EBITDA, cash flow and net debt, including:

- Actions in respect of variable and controllable costs such as discretionary bonuses, pay rises, recruitment freezes and wider labour force actions in response to higher levels of volume reductions
- Limiting capital expenditure to minimum maintenance levels by pausing growth spend (including brownfield sites and other expansionary spend)
- Strategic actions in respect of the Group's asset base could be considered in respect of disposals, mothballing and closures

The Group could also consider actions such as optimising working capital by negotiating longer payment terms whilst continuing to pay suppliers in full and in line with contractual terms.

Going concern basis

Based on the forecast and the scenarios modelled (which were based on the standalone DS Smith legacy Group), together with the performance of the Group in the current year and enquiries of the parent company, International Paper Group, and the provision of a support letter by the ultimate parent company, International Paper, indicating that they will continue to provide the financial support to enable the company to meet its liabilities as and when they fall due, the Directors consider that the Group has adequate liquidity to continue in operational existence for the length of the going concern period until 31 December 2026. Accordingly, the Board believes the conclusion that the Group is a going concern for the period to 31 December 2026 remains appropriate. The next significant debt maturity is the €600 million bond maturing in September 2026.

1. Material accounting policies continued

(a) Basis of preparation continued

(ii) Climate change

The Group has considered the impact of climate change in preparing these consolidated financial statements, including the effect upon the application of its accounting policies, judgements, estimates and assumptions. In making its assessments of the impact the Group considered the risks identified through its risk management processes and the Climate-Related Financial Disclosures on page 8 to 19.

These considerations, which are core to the Group's strategy, did not have a material impact on any accounting estimates and judgements including the following areas:

- The estimates of future cash flows used in the impairment assessment of goodwill (refer to note 9) and going concern;
- The assessment of residual values and estimated useful economic lives of property, plant and equipment (refer to note 10);
- The adequacy of provisions for liabilities (refer to note 21); and
- How the impact of climate change will evolve in future periods and how the Group will continue to assess this.

(iii) Discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset or disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Cash flows generated from discontinued operations are presented as a single item in the statement of cash flows.

All other notes to the financial statements include amounts for continuing operations.

Following the combination of the Group with International Paper Company on 31 January 2025, steps are being undertaken to restructure the new combined entity. As a result, the DS Smith North America Paper and Packaging operating unit was transferred into direct ownership by International Paper Company in July 2025 and, accordingly, has been classified as a disposal group with assets and liabilities presented as held for sale, and income and cash flows presented as single lines under discontinued operations.

1. Material accounting policies continued

(b) Basis of consolidation

(i) Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) Interests in equity accounted investments

The Group's interests in equity accounted investments comprise interests in associates and joint ventures. An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions of the investment. A joint venture is an entity in which the Group has joint control, whereby the Group has rights to the net assets of the entity, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investments, until the date on which significant influence or joint control ceases.

(iii) Non-controlling interests

Non-controlling interests are shown as a component of equity in the consolidated statement of financial position net of the value of options over interests held by non-controlling interests in the Group's subsidiaries.

(iv) Business combinations

The acquisition method is used to account for the acquisition of subsidiaries. Identifiable net assets acquired (including intangibles) in a business combination are measured initially at their fair values at the acquisition date.

Where the measurement of the fair value of identifiable net assets acquired is incomplete at the end of the reporting period in which the combination occurs, the Group will report provisional fair values. Final fair values are determined within a year of the acquisition date and applied retrospectively.

The excess of the consideration transferred and the amount of any non-controlling interest over the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities acquired is recorded as goodwill.

The consideration transferred is measured as the fair value of the assets given, equity instruments issued (if any), and liabilities assumed or incurred at the date of acquisition.

Acquisition-related costs are expensed as incurred.

The results of the subsidiaries acquired are included in the consolidated financial statements from the acquisition date.

(c) Revenue

The Group is in the business of providing sustainable packaging solutions, sustainable paper products, recycling and waste management services. The Group has concluded that it is the principal in its revenue arrangements.

Revenue comprises the fair value of the sale of goods and services, net of value added tax and other sales taxes, rebates and discounts and after eliminating sales within the Group. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services and the fulfilment of the related performance obligations. Generally, this occurs when the goods are loaded into the collection vehicle if the buyer is collecting them, or when the goods are unloaded at the delivery address if the Group is responsible for delivery.

The transaction price is the contractual price with the customer adjusted for rebates and discounts. Rebates and discounts are estimated using historical data and experiences with the customer. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur. Returns from customers are negligible. No element of financing is deemed present as typical sales contracts with customers are usually shorter than 12 months.

1. Material accounting policies continued

(c) Revenue continued

A receivable is recognised when the goods are delivered or services are provided at a point in time such that consideration is unconditional because only the passage of time is required before the payment is due.

Revenue by function is not provided in the Group's disclosures as the year-on-year variability in the degree of integration would be misrepresentative of the level of activity.

(d) Supplier rebates

The Group receives income from its suppliers, mainly in the form of volume-based rebates and early settlement discounts. These are recognised as a reduction in operating costs in the year to which they relate. At the period end, where appropriate, the Group estimates supplier income due from annual agreements for volume rebates.

(e) Government grants

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are offset against the expenses in the same periods in which the expenses are incurred. Grants relating to assets are released to the income statement over the expected useful life of the asset to which they relate on a basis consistent with the depreciation policy. Depreciation is provided on the full cost of the assets before deducting grants.

(f) Dividends

Dividends attributable to the equity holders of the Company paid during the year are recognised directly in equity.

(g) Foreign currency translation

The consolidated financial statements are presented in sterling, which is the Group's presentational currency. Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation of monetary assets and liabilities are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

The assets and liabilities of all the Group entities that have a functional currency other than sterling are translated at the closing exchange rate at the reporting date. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions).

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, borrowings, and other financial instruments designated as hedges of such investments, are recognised in the translation reserve. On the disposal of foreign currency entities, the cumulative exchange difference recorded in the translation reserve is reclassified to the consolidated income statement as part of the gain or loss on disposal.

(h) Intangible assets

(i) Goodwill

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of identifiable assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price.

Goodwill is stated at cost less accumulated impairment losses. The useful life of goodwill is considered to be indefinite. Goodwill is allocated to the cash generating units (CGUs) that are expected to benefit from the synergies of the combination and is tested annually for impairment or more frequently if an impairment is indicated.

On disposal of a subsidiary, or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the consolidated income statement.

1. Material accounting policies continued

(h) Intangible assets continued

(ii) Intellectual property

Intellectual property is stated at cost less accumulated amortisation and impairment.

(iii) Computer software

Computer software that is integral to a related item of hardware is included within property, plant and equipment. All other computer software is treated as an intangible asset.

(iv) Customer relationships

Customer relationships, acquired as part of a business combination, are capitalised separately from goodwill and are carried at cost less accumulated amortisation and impairment.

(v) Other intangible assets

Other intangible assets that are acquired by the Group are carried at cost less accumulated amortisation and impairment.

(vi) Amortisation

Amortisation of intangible assets (excluding goodwill) is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. Intangible assets (other than goodwill) are amortised from the date they are available for use.

The estimated useful lives are as follows:

Intellectual property	Up to 20 years
Computer software	3–5 years
Customer relationships	5–15 years
Other	2-3 years

(i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item of property, plant and equipment, and major components that are accounted for separately (or in the case of leased assets, the lease period, if shorter). Land is not depreciated.

The estimated useful lives are as follows:

Freehold and long leasehold properties	10–50 years
Plant and equipment – motor vehicles	3–5 years
Plant and equipment – other, fixtures and fittings (including IT hardware)	2–30 years

The estimated residual lives are reviewed at each reporting date. The impact of climate factors on useful lives is considered on an asset by asset basis and takes into consideration the climate change targets set by the Group. Capital expenditure will be required for ongoing projects in order to meet the Group's climate change targets and this has not resulted in any significant changes to the estimated useful life of assets in the current year.

Gains or losses arising on the sale of surplus property assets are recorded through operating profit.

The Group capitalises borrowing costs on qualifying assets. The capitalisation rate applied is the weighted average cost of borrowing.

1. Material accounting policies continued

(j) Other investments

Other investments primarily consist of investments in unquoted equity securities and restricted cash. Equity securities are measured at fair value. On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income (FVTOCI). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investment in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on divestment of the equity investments; instead, it is transferred to retained earnings. *The Group has designated all investments in equity that are not held for trading as at FVTOCI.*

Restricted cash is carried at amortised cost.

(k) Impairment

The carrying amounts of the Group's assets, including tangible and intangible non-current assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. Goodwill is tested for impairment annually at the same time, regardless of the presence of an impairment indicator. An impairment loss is recognised whenever the carrying amount of an asset, collection of assets or its Cash Generating Unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

(i) Cash-generating units

For the purposes of property, plant and equipment and other intangibles impairment testing, each operating segment, split by process (e.g., Packaging, Paper, Recycling), is a separate individual CGU. Goodwill impairment testing is carried out based on regional groupings of CGUs as set out in note 9, as this is the lowest level at which goodwill is monitored for internal management purposes.

(ii) Calculation of recoverable amount

The recoverable amount of the Group's assets is calculated as the value-in-use of the CGU to which the assets are attributed or the net selling price, if greater. Value-in-use is calculated by discounting the cash flows expected to be generated by the CGUs being tested for evidence of impairment. This is done using a pre-tax discount rate that reflects the current assessment of the time value of money, and the country-specific risks for which the cash flows have not been adjusted including our assessment of the impact of climate. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

(iii) Assets held for sale

An asset group classified as held-for-sale is measured at the lower of its carrying amount and fair value less costs to sell. Costs to sell are incremental costs directly attributable to the transaction, excluding finance costs and income tax expense. Further, property, plant, equipment and intangible assets in the asset group are no longer depreciated or amortised.

(iv) Reversals of impairment

Impairment losses in respect of goodwill are not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1. Material accounting policies continued

(k) Impairment continued

(iii) Reversals of impairment continued

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Derivative financial instruments

The Group uses derivative financial instruments, primarily currency and commodity swaps, to manage currency and commodity risks associated with the Group's underlying business activities and the financing of these activities. The Group has a policy not to, and does not, undertake any speculative activity in these instruments.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

IFRS 9 Financial Instruments was effective for annual periods beginning on or after 1 January 2018 and replaced IAS 39 Financial Instruments: Recognition and Measurement. The Group adopted hedge accounting under IFRS 9 from 1 May 2024. Under IFRS 9 all existing relationships are expected to qualify as continuing hedging relationships. No material effect is expected from this change.

Derivative financial instruments are accounted for as hedges when designated as hedges at the inception of the contract and when the financial instruments provide an effective hedge of the underlying risk.

For the purpose of hedge accounting, hedges are classified as:

- cash flow hedges when hedging exposure to variability in cash flows that is attributable to a particular risk associated with either a statement of financial position item or a highly probable forecast transaction; or
- hedges of the net investment in a foreign entity.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship as follows:

Cash flow hedges: the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement in the same period during which the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or roll-over, the hedged transaction ceases to be highly probable, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement.

Hedges of net investment in a foreign entity: these represent the effective portion of the gain or loss on the hedging instrument that is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are reclassified to the income statement when the foreign entity is sold.

Any gains or losses arising from changes in the fair value of all other derivatives are taken to the income statement. These may arise from derivatives for which hedge accounting is not applied because they are not effective as hedging instruments.

1. Material accounting policies continued

(m) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value less expected credit loss allowance and subsequently held at amortised cost. The Group utilises the simplified approach to provide for losses on receivables under IFRS 9.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on a weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(p) Biological assets

Biological assets consist of standing timber, measured at fair value less cost to sell. Any change in fair value resulting from both net growth and change in the market value of standing timber is presented in the income statement. The revenue from the sale of standing timber is presented within revenue.

(q) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are stated at amortised cost.

Cash subject to contractual restrictions on use by the Group is excluded from cash and cash equivalents in the consolidated financial statements and is presented within other investments in the consolidated statement of financial position. Restricted cash is stated at amortised cost.

(r) Borrowings

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost unless designated in a fair value hedge relationship, with borrowing costs being accounted for on an accruals basis in the income statement using the effective interest method.

At the reporting date, interest payable is recorded separately from the associated borrowings, within trade and other payables.

(s) Employee benefits

(i) Defined contribution schemes

Contributions to defined contribution pension schemes are recognised as an employee benefit expense within personnel expenses in the Income Statement, as incurred.

(ii) Defined benefit schemes

The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to its present value amount and recognised in the income statement within personnel expenses; a corresponding liability for all future benefits is established on the statement of financial position and the fair value of any scheme assets is deducted.

The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the duration of the schemes' obligations. The calculation is performed by a qualified actuary using the projected unit method. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

1. Material accounting policies continued

(s) Employee benefits continued

(iii) Share-based payment transactions

The Group operates equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised within personnel expenses, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The fair value of the options granted is measured using a stochastic model, taking into account the terms and conditions upon which the options were granted. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

(t) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, a reliable estimate can be made of the amount of the obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted to present value where the effect is material.

(u) Trade and other payables

Trade and other payables are initially measured at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(v) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of end of lease dismantling or restoration costs, less any incentives received and related provisions.

Lease liabilities are recorded at the present value of lease payments, which include:

- Fixed lease payments;
- Variable payments that depend on an index or rate, initially measured using the commencement date index or rate;
- Any amounts expected to be payable under residual value guarantees; and
- The exercise price of purchase options, if it is reasonably certain they will be exercised.

The interest rate implicit in the lease is used to discount lease payments, or, if that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are depreciated on a straight-line basis over the lease term, or the useful life if shorter. Interest is recognised on the lease liability, resulting in a higher finance cost in the earlier years of the lease term.

Lease payments relating to low value assets or to short-term leases are recognised as an expense on a straight-line basis over the lease term. Short-term leases are those with 12 or fewer months' duration.

1. Material accounting policies continued

(w) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted in each jurisdiction at the reporting date, and any adjustment to tax payable in respect of previous years.

The Group is subject to corporate taxes in a number of different jurisdictions and judgement is required in determining the appropriate provision for transactions where the ultimate tax determination is uncertain. In such circumstances, the Group recognises liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and can be estimated. Any interest and penalties accrued are included in income taxes in both the consolidated income statement and the consolidated statement of financial position. Where the final outcome of such matters differs from the amount recorded, any differences may impact the income tax and deferred tax provisions in the period in which the final determination is made.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The tax effect of certain temporary differences is not recognised, principally with respect to goodwill; temporary differences arising on the initial recognition of assets or liabilities (other than those arising in a business combination or in a manner that initially impacts accounting or taxable profit); and temporary differences relating to investment in subsidiaries and equity accounted investees to the extent that they will probably not reverse in the foreseeable future and the Group is able to control the reversal of such temporary differences. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) Key sources of estimation uncertainty

The application of the Group's accounting policies requires management to make estimates and assumptions. These estimates and assumptions affect the reported assets and liabilities and financial results of the Group. Actual outcomes could differ from the estimates and assumptions used.

The Group's key sources of estimation uncertainty are as detailed below:

(i) Taxation

The Group's tax payable on profits is determined based on tax laws and regulations that apply in each of the numerous jurisdictions in which the Group operates. The Group is required to exercise judgement in estimating income tax provisions, along with the recognition of deferred tax assets/liabilities. While the Group aims to ensure that estimates recorded are accurate, the actual amounts could be different from those expected. See note 6 for additional information.

(ii) Goodwill impairment

Goodwill is tested annually for impairment or more frequently if an impairment is indicated. Impairment tests are conducted by component by value in use (for continuing operations) or fair value less costs of disposal (for discontinued operations) of CGUs to their respective carrying amounts (including allocated goodwill). It is possible that if key assumptions were changed adversely, impairment would need to be recognised. See note 9 for additional information.

(ii) Employee benefits

IAS 19 *Employee Benefits* requires the Group to make assumptions including, but not limited to, rates of inflation, discount rates and life expectancies. The use of different assumptions, in any of the above calculations, could have a material effect on the accounting values of the relevant statement of financial position assets and liabilities which could also result in a change to the cost of such liabilities as recognised in profit or loss over time. These assumptions are subject to periodic review. See note 23 for additional information.

1. Material accounting policies continued

(y) Key judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Assets held for sale

Following the combination of the Group with International Paper Company on 31 January 2025, the DS Smith North America Paper and Packaging operating unit was sold to a fellow Group company in July 2025 to align with management's strategic objectives. The Board considered the operating segment to meet the criteria to be classified as held for sale for the following reasons:

- DS Smith North America Paper and Packaging operating unit was sold to International Paper Company in its current condition.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of the initial classification.
- The sale is to the Group's ultimate parent company and is part of a wider restructuring plan agreed and initiated following the combination.

(z) Changes to accounting policies as a result of new standard issued and effective

The following new or amended accounting standards are in issue and effective for the current reporting period:

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

As a result of implementing the amendments to IAS 7 and IFRS 7, the Group has provided additional disclosures about its supplier finance arrangements. The Group has applied transitional relief available under IAS 7 and has not provided comparative information in the first year of *adoption*.

The other amended accounting standards did not have a material impact on the consolidated financial statements.

(aa) IFRS standards and interpretations endorsed but not yet effective

The IASB and International Financial Reporting Interpretations Committee (IFRIC) have issued new standards and interpretations with an effective date after the date of these financial statements:

- Amendments to IAS 21 – Lack of exchangeability (effective from reporting periods beginning on or after 1 January 2025)
- Amendments to IFRS 7 – Classification and Measurement of Financial Instruments (effective from reporting periods beginning on or after 1 January 2026)
- Annual Improvements to IFRS Accounting Standards Volume 11 (effective from reporting periods beginning on or after 1 January 2026)

The Group does not anticipate that the adoption of the standards and interpretations that are abovewill have a material effect on its financial statements. Standards will be adopted in the financial year ending they become effective in.

(ab) IFRS standards that have been issued but are not yet endorsed are as follows:

- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The impact of these new standards is currently being assessed.

2. Segment reporting

Operating segments

IFRS 8 *Operating Segments* requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Directors (who are the Chief Operating Decision Makers as defined by IFRS 8).

The Group's continuing operations are organised into segments which cover geographical regions with integrated packaging and paper businesses. These comprise the Group's reportable segments and their results are regularly reviewed by the Directors. North America Packaging and Paper segment has been classified as a discontinued operation in the year ended 30 April 2025 and is no longer reported as a continuing operations segment. See note 7 Discontinued operations for further information. The measure of profitability reported to the Directors for the purposes of resource allocation and assessment of performance is operating profit.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Central administration costs are allocated to the individual segments on a consistent basis year-on-year. All assets and liabilities have been analysed by segment, except for items of a financing nature, taxation balances, employee benefit liabilities and current and non-current asset investments. Debt and associated interest are managed at a Group level and therefore have not been allocated across the segments.

Year ended 30 April 2025 (continuing operations)	Note	Northern Europe £m	Southern Europe £m	Eastern Europe £m	Total continuing operations £m
External revenue		2,503	2,458	1,090	6,051
Depreciation		(119)	(132)	(57)	(308)
Operating (loss)/profit before amortisation		(170)	233	30	93
Unallocated items:					
Amortisation	9				(69)
Operating profit					24
Unallocated items:					
Net financing costs					(134)
Loss before income tax					(110)
Income tax expense					(29)
Loss for the year (continuing operations)					(139)
Profit for the year (discontinued operations)	7				13
Loss for the year (total Group)					(126)
Analysis of total assets and total liabilities					
Segment assets		2,544	3,463	1,498	7,505
Unallocated items:					
Equity accounted investments and other investments					13
Derivative financial instruments					55
Cash and cash equivalents					277
Tax					56
Employee benefits					70
Assets held for sale	7				1,209
Total assets					9,185
Segment liabilities		(979)	(742)	(244)	(1,965)
Unallocated items:					
Borrowings, overdrafts and interest payable					(3,168)
Derivative financial instruments					(95)
Tax					(253)
Employee benefits					(72)
Liabilities held for sale	7				(123)
Total liabilities					(5,676)
Capital expenditure		118	274	67	459

2. Segment reporting continued

Year ended 30 April 2024 (continuing operations)	Note	Northern Europe £m	Southern Europe £m	Eastern Europe £m	North America re-presented[1] £m	Total continuing operations re-presented[1] £m
External revenue		2,598	2,532	1,106	–	6,236
Depreciation		(111)	(124)	(55)	–	(290)
Operating profit before amortisation		228	373	72	–	673
Unallocated items:						
Amortisation	9					(67)
Operating profit						606
Unallocated items:						
Net financing costs						(101)
Profit before income tax						505
Income tax expense						(137)
Profit for the year (continuing operations)						368
Profit for the year (discontinued operations)	7					17
Profit for the year (total Group)						385
Analysis of total assets and total liabilities						
Segment assets		2,512	3,197	1,469	1,354	8,532
Unallocated items:						
Equity accounted investments and other investments						34
Derivative financial instruments						79
Cash and cash equivalents						499
Tax						60
Employee benefits						50
Total assets						9,254
Segment liabilities		(990)	(762)	(238)	(110)	(2,100)
Unallocated items:						
Borrowings, overdrafts and interest payable						(2,583)
Derivative financial instruments						(193)
Tax						(347)
Employee benefits						(82)
Total liabilities						(5,305)
Capital expenditure		155	242	105	–	502

1 – comparatives in income statement have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

2. Segment reporting continued

Geographical areas

In presenting information by geographical area, external revenue is based on the geographical location of customers. Non-current assets are based on the geographical location of assets and exclude equity accounted investments, other investments, deferred tax assets, derivative financial instruments, employee benefits, and intangible assets (which are monitored at the operating segment level, not at a country level). Capital expenditure relates to additions of property, plant and equipment and intangible assets.

	External revenue		Non-current assets		Capital expenditure	
Continuing operations	2025 £m	2024 re-presented[1] £m	2025 £m	2024 £m	2025 £m	2024 re-presented[1] £m
UK	**1,051**	1,071	**536**	525	**56**	70
France	**950**	1,009	**528**	518	**70**	76
Iberia	**822**	798	**730**	702	**84**	94
Germany	**609**	631	**453**	429	**42**	52
Italy	***680***	*720*	***571***	473	**120**	72
USA	**5**	5	**–**	410	**–**	–
Rest of the World	**1,934**	2,002	**967**	938	**87**	138
	6,051	6,236	**3,785**	3,995	**459**	502

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

3. Operating profit

Operating costs within operating profit are as follows:

Continuing operations	2025 £m	2024 re-presented[1] £m
Operating costs		
Cost of sales	**3,105**	3,018
Other production costs	**1,208**	1,199
Distribution	**444**	465
Administrative expenses	**1,270**	948
	6,027	5,630

Operating profit is stated after charging/(crediting) the following:

Continuing operations	2025 £m	2024 re-presented[1] £m
Depreciation of owned assets	**235**	222
Depreciation of right-of-use assets	**73**	68
Amortisation of intangible assets	**69**	67
Transaction costs[2]	**73**	2
Loss/(profit) on sale of non-current assets	**3**	(9)
Research and development	**8**	8
Impairment charge/(credit) in respect of property, plant and equipment	**5**	(4)
Impairment charge in respect of right-of-use assets	**2**	–
Receipts from legal settlements	**(7)**	–

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.
2 – relating to combination with International Paper Company.

3. Operating profit continued

Transaction costs include the following:

I. certain employee related costs, such as retention bonusses paid for continued service post the completion of the acquisition of the Group totalling £17m; and

II. £24m in costs associated with the settlement of outstanding share based payment awards at completion of the acquisition of the Group, as detailed in Note 24.

Auditor's remuneration	2025 UK £m	2025 Overseas £m	2025 Total £m	2024 UK £m	2024 Overseas £m	2024 Total £m
Fees payable for audit of the Group's annual financial statements	**2.7**	**–**	**2.7**	1.9	–	1.9
Fees payable for audit of the Group's subsidiaries, pursuant to legislation	**0.5**	**4.4**	**4.9**	0.5	4.3	4.8
Fees payable for audit uplift in connection with combination with International Paper Company	**2.8**	**–**	**2.8**	–	–	–
Total audit fees	**6.0**	**4.4**	**10.4**	2.4	4.3	6.7
Fees payable to the Group's Auditor and their associates for other services:						
Audit related assurance services	**0.2**	**0.1**	**0.3**	0.2	0.1	0.3
Total non-audit fees	**0.2**	**0.1**	**0.3**	0.2	0.1	0.3
Total Auditor's remuneration	**6.2**	**4.5**	**10.7**	2.6	4.4	7.0

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

Non-audit fees primarily related to audit-related fees for the review of the interim results.

4. Finance income and costs

Continuing operations	2025 £m	2024 re-presented[1] £m
Interest income from financial assets	**(8)**	(14)
Finance income	**(8)**	(14)
Interest on borrowings and overdrafts	**121**	103
Interest on lease liabilities	**11**	10
Amortisation of capitalised finance fees	**4**	4
Customer supply chain financing costs	**4**	4
Other	**3**	(7)
Finance costs	**143**	114

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

Borrowing costs capitalised on qualifying assets in the year ended 30 April 2025 was £nil (2023/24: £1m).

5. Employees and Directors

Continuing operations	2025 £m	2024 £m
Wages and salaries	**1,120**	1,042
Social security costs	**220**	213
Contributions to defined contribution pension plans	**54**	52
Service costs for defined benefit schemes (note 23)	**5**	5
Share-based payments (note 24)	**14**	(2)
Staff costs	**1,413**	1,310

5. Employees and Directors continued

Discontinued operations	2025 £m	2024 £m
Wages and salaries	**110**	107
Social security costs	**26**	25
Contributions to defined contribution pension plans	**6**	5
Staff costs	**142**	137

Average number of employees (continuing operations)	2025 Number	2024 Number
Northern Europe	**10,494**	10,639
Southern Europe	**8,845**	8,878
Eastern Europe	**7,620**	7,606
Rest of the World	**695**	652
Average number of employees	**27,654**	27,775

Average number of employees (discontinued operations)	2025 Number	2024 Number
North America	**1,704**	1,720
Average number of employees	**1,704**	1,720

The amount recognised as an expense relating to Directors' emoluments is as follows:

	2025 £000	2024 £000
Directors' remuneration	**3,786**	2,777
Long-term incentives	**9,161**	–
Pensions	**65**	83
Compensation for loss of office	**4,197**	–
	17,209	2,860

The number of Directors who exercised share options in the year ended 30 April 2025 was 2 (2023/24: 1). The highest paid director received remuneration in the year ended 30 April 2025 of £2,080,000 (2023/24: £1,263,000), long term incentives of £6,356,000 (2023/24: £nil), pension contributions of £42,000 (2023/24: £53,000), and compensation for loss of office of £2,535,000 (2023/34: £nil).

Bonus payments of £10m were awarded by the Remuneration Committee to Directors and employees in January 2025 (prior to the acquisition of the Group) under the terms of the legacy DS Smith bonus award scheme.

After the acquisition, DS Smith Group employees have participated in the bonus schemes of the ultimate parent company, International Paper Company.

Costs of the legacy bonus and ongoing bonus awards are included in wages and salaries.

The number of Directors to whom retirement benefits were accruing at year-end was as follows;

	2025	2024
Defined contribution schemes	**–**	2
Defined benefit schemes	**–**	–
	–	2

6. Income tax expense

	2025 £m	2024 re-presented[1] £m
Current tax expense		
Current year	**(75)**	(151)
Adjustment in respect of prior years	**29**	25
	(46)	(126)
Deferred tax credit/(charge)		
Origination and reversal of temporary differences	**-**	5
Change in tax rates	**2**	(3)
Recognition of previously unrecognised deferred tax assets	**-**	4
Adjustment in respect of prior years	**15**	(17)
	17	(11)
Total income tax expense in the income statement from continuing operations	**(29)**	(137)
Total income tax credit in the income statement from discontinued operations (note 7)	**15**	19
Total income tax expense in the income statement – total Group	**(14)**	(118)

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

The reconciliation of the actual tax charge to the domestic corporation tax rate is as follows:

	2025 £m	2024 re-presented[1] £m
(Loss)/profit before income tax on continuing operations	**(110)**	505
Loss before income tax on discontinued operations (note 7)	**(2)**	(2)
(Loss)/profit before tax and share of profit of equity accounted investments, net of tax	**(112)**	503
Income tax at the UK corporation tax rate of 25.0% (2023/24: 25%)	**28**	(126)
Effect of additional taxes and tax rates in overseas jurisdictions	**(5)**	(1)
Impact of tax credits	**8**	9
Non-deductible expenses	**(36)**	(12)
Non-taxable income	**1**	6
Recognition of previously unrecognised deferred tax assets	**-**	4
Deferred tax asset not recognised	**(56)**	(4)
Adjustment in respect of prior years	**44**	9
Effect of change in corporation tax rates	**2**	(3)
Income tax expense – total Group	**(14)**	(118)

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

6. Income tax expense continued

Uncertain tax positions

The Group operates in a complex multinational tax environment and is subject to uncertain tax positions and changes in legislation in the jurisdictions in which it operates. The Group's uncertain tax positions principally include pricing of cross-border transactions and a limited number of specific transaction related tax risks.

The assessment of uncertain tax positions is based on management's expectation of the likely outcome of settlements with tax authorities or litigation. The quantification of the risks at any one point in time, especially with respect to transfer pricing, requires a degree of judgement and estimation by management.

Within the consolidated balance sheet at 30 April 2025 for continuing and discontinuing operations are provisions of £95m (30 April 2024: £94m) relating to uncertain tax positions - £81m included within income tax liabilities of £86m (30 April 2024: £91m within £134m), £6m included within income tax assets of £25m (30 April 2024: £2m within £37m) and £8m within assets held for sale of £1,209m. It is possible that amounts paid will be different from the amounts provided and the Group estimates the range of reasonably possible outcomes relating to uncertain tax positions to be from £54m to £167m.Included within the provisions for uncertain tax position across the assets and liabilities is £15m (30 April 2024: £13m) relating to interest and penalties on uncertain tax positions.

As set out in the Group accounts for the year ended 30 April 2024, the Group filed an application with the General Court of the European Court of Justice (CJEU) for the EU Commission's decision in respect of State Aid to be annulled. The £44m total adjustment in respect of prior years, above, includes £34m (corporation tax £20m, deferred tax £14m) from a decision on 19 September 2024 by the CJEU to annul the EU Commission's decision that the UK's Controlled Foreign Company Financing Exemption was considered State Aid which resulted in a reduction in the tax liability of the Group.

There are tax audits being conducted by the tax authorities in a number of countries. Whilst there is inherent uncertainty regarding the timing of the resolution of these tax audits and the final tax liabilities to be assessed, the Group expects liabilities of approximately £9m (30 April 2024: £10m) to reverse in the next 12 months.

Pillar Two

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on the most recent Country-by-Country Reporting data available for the constituent entities in the Group. Based on the assessment the Pillar Two effective tax rates in most of the jurisdictions are above 15% or one of the other transitional safe harbour reliefs are available. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply. The Group has estimated a liability of £4m of current tax arising from Pillar Two.

The Group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities (as set out in Note 20) related to Pillar Two income taxes as required in the amendments to IAS 12 International Tax Reform to Pillar Two Model Rules, issued in May 2023.

6. Income tax expense continued

Tax on other comprehensive income and equity

	Gross 2025 £m	Tax credit/ (charge) 2025 £m	Net 2025 £m	Gross 2024 £m	Tax credit/ (charge) 2024 £m	Net 2024 £m
Actuarial (loss)/gain on employee benefits	**(3)**	**1**	**(2)**	(2)	1	(1)
Foreign currency translation differences	**(87)**	**–**	**(87)**	(147)	–	(147)
Movements in cash flow hedges	**31**	**(6)**	**25**	(211)	41	(170)
Movement in net investment hedge	**8**	**(1)**	**7**	41	2	43
Other comprehensive (expense)/income for the year	**(51)**	**(6)**	**(57)**	(319)	44	(275)
Issue of share capital	**13**	**–**	**13**	7	–	7
Employee share trust	**(26)**	**–**	**(26)**	(4)	–	(4)
Share-based payments	**14**	**(7)**	**7**	(2)	(2)	(4)
Dividends paid to Group shareholders	**(251)**	**–**	**(251)**	(247)	–	(247)
Other comprehensive (expense)/income and changes in equity	**(301)**	**(13)**	**(314)**	(565)	42	(523)

The realisation of underlying reserves is conducted in such a way to ensure there is no material tax consequence.

7. Discontinued operations

Following the combination with International Paper Company on 31 January 2025, the DS Smith North America Paper and Packaging operating unit was sold to a fellow International Paper Company company in July 2025 to align with management's strategic objectives.

The results of the DS Smith North America Paper and Packaging operating unit for the year are presented below.

	Year ended 30 April 2025 £m	Year ended 30 April 2024 £m
Revenue	**615**	586
Operating costs	**(614)**	(588)
Operating profit/(loss)	**1**	(2)
Finance costs	**(4)**	(2)
Loss after financing costs	**(3)**	(4)
Share of profit on equity accounted for investments, net of tax	**1**	2
Loss before tax	**(2)**	(2)
Income tax credit	**15**	19
Profit for the year from discontinued operations	**13**	17

The profit for the year from discontinued operations of £13m includes a gain of £30m on the sale of forestry assets. The gain was initially recognised in December 2024 and the transaction completed in January 2025. The original recognition in December 2024 did not impact any publicly disclosed financial information.

7. Discontinued operations continued

The major classes of assets and liabilities of the operating unit classified as held for sale as at 30 April 2025 are as follow:

	At 30 April 2025 £m
Intangible assets	659
Property, plant and equipment	339
Right-of-use assets	30
Equity accounted for investments	13
Inventories	83
Income tax receivable	8
Trade and other receivables	70
Cash and cash equivalents	7
Assets held for sale	**1,209**
Trade and other payables	65
Lease liabilities	35
Deferred tax liabilities	19
Bank overdrafts	4
Liabilities held for sale	**123**

The net cash flows of the operating unit are as follows:

	Year ended 30 April 2025 £m	Year ended 30 April 2024 £m
Operating	**9**	49
Investing	**25**	(43)
Financing	**(7)**	(9)
Net cash inflow/(outflow)	**27**	(3)

8. Dividends proposed and paid

	2025		2024	
	Pence per share	**£m**	Pence per share	£m
2023/24 interim dividend – paid	**–**	**–**	6.0p	82
2023/24 final dividend – paid	**–**	**–**	12.0p	166
2024/25 interim dividend – declared and paid	**6.2p**	**85**	–	–

	2025 £m	2024 £m
Paid during the year	**251**	247

The final 2023/24 dividend of 12p per share and the 2024/25 interim dividend of 6.2p per share were paid during the year.

9. Intangible assets

	Goodwill £m	Software £m	Intellectual property £m	Customer relationships £m	Carbon credits £m	Other £m	Total £m
Cost							
At 1 May 2024	2,243	208	24	1,327	17	60	3,879
Acquisitions	9	–	–	–	–	–	9
Additions	–	20	1	–	48	–	69
Disposals	–	(6)	–	–	(58)	–	(64)
Transfer to assets held for sale (note 7)	(591)	(20)	–	(258)	–	(4)	(873)
Currency translation	(43)	(2)	–	(20)	–	–	(65)
At 30 April 2025	**1,618**	**200**	**25**	**1,049**	**7**	**56**	**2,955**
Amortisation and impairment							
At 1 May 2024	(17)	(132)	(17)	(852)	–	(50)	(1,068)
Amortisation	–	(19)	(2)	(73)	–	(6)	(100)
Disposals	–	5	–	–	–	–	5
Transfer to assets held for sale (note 7)	–	13	–	198	–	3	214
Currency translation	–	1	–	14	–	–	15
At 30 April 2025	**(17)**	**(132)**	**(19)**	**(713)**	**–**	**(53)**	**(934)**
Carrying amount							
At 1 May 2024	2,226	76	7	475	17	10	2,811
At 30 April 2025	**1,601**	**68**	**6**	**336**	**7**	**3**	**2,021**

	Goodwill £m	Software £m	Intellectual property £m	Customer relationships £m	Carbon credits £m	Other £m	Total £m
Cost							
At 1 May 2023	2,285	189	23	1,354	17	60	3,928
Acquisitions	5	–	–	5	–	–	10
Additions	–	25	2	–	25	–	52
Disposals	(1)	(7)	(1)	–	(25)	(1)	(35)
Reclassification	–	6	1	–	–	1	8
Currency translation	(46)	(5)	(1)	(32)	–	–	(84)
At 30 April 2024	2,243	208	24	1,327	17	60	3,879
Amortisation and impairment							
At 1 May 2023	(17)	(126)	(16)	(798)	–	(44)	(1,001)
Amortisation	–	(15)	(2)	(74)	–	(7)	(98)
Disposals	–	6	–	–	–	1	7
Currency translation	–	3	1	20	–	–	24
At 30 April 2024	(17)	(132)	(17)	(852)	–	(50)	(1,068)
Carrying amount							
At 1 May 2023	2,268	63	7	556	17	16	2,927
At 30 April 2024	**2,226**	**76**	**7**	**475**	**17**	**10**	**2,811**

Included within customer related intangibles at 30 April 2025 are amounts purchased as part of the acquisitions of Europac (carrying amount £274m, remaining amortisation period 9 years).

9. Intangible assets continued

Goodwill

The CGUs identified below represent the lowest level at which goodwill is monitored for impairment indicators and internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments.* The carrying values of goodwill are split between the CGU groups as follows:

	2025 £m	2024 £m
Northern Europe	**404**	398
Southern Europe	**1,034**	1,035
Eastern Europe	**163**	163
North America	**–**	630
Total goodwill	**1,601**	2,226

Goodwill impairment tests – key assumptions and methodology

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill may be impaired. The recoverable amounts of the three European CGUs are determined from value-in-use calculations.

The North America GCU is held for sale at 30 April 2025 (note 7). In assessing goodwill impairment for this CGU, the segment fair value less costs of disposal (FVLCD) have been regarded as the most appropriate measure of the recoverable amount. The FVLCD has been based on the anticipated price the Group will receive from International Paper Company on disposal of the business. The anticipated selling price, an amount estimated based upon an allocation of the price paid by International Paper Company to acquire DS Smith, exceeded the carrying amount of the segment.

Impairment tests were conducted based on the segmental structures for Northern Europe, Southern Europe and Eastern Europe, and have confirmed that there are no impairments in the year ended 30 April 2025, as the recoverable amount of the groups of CGUs, based upon value-in-use calculations, exceeded the carrying amounts.

The calculations of value-in-use are inherently judgemental and require management to make a series of estimates and assumptions. The key assumptions in the value-in-use calculations for the Northern Europe, Southern Europe and East Europe CGUs are:

- the cash flow forecasts have been derived from the forecast presented to the Board for the calendar year ending 31 December 2025. The cash flows utilised are based upon forecast sales volumes and product mix, anticipated movements in paper prices and input costs and known changes and expectations of current market conditions, taking into account the cyclical nature of the business;
- the sales volume and price assumptions underlying the cash flow forecasts are the Directors' estimates of likely future changes based upon historic performance and the current economic outlooks for the economies in which the Group operates. These are viewed as the key operating assumptions as they determine the Directors' approach to margin and cost maintenance. Key assumptions modelled in the assessment, including the impact of paper price cyclicality, have been applied to EBITDA. The modelled outlook reflects expected improvements in paper prices, consistent with observable third-party forecast sources.;
- the cash flow forecasts for capital expenditure are based upon past experience and include the replacement capital expenditure required to generate the terminal cash flows;
- cash flows beyond the year ended 31 December 2025 incorporate the long-term growth rate, which is applied to all future cash flows across each CGUs.. Where a CGU consists of multiple countries, country-specific rates are incorporated into a weighted average rate for that region. The rates applied are based upon external sources such as the International Monetary Fund's World Economic Outlook Database.
- the pre-tax adjusted discount rate is derived from the basis of the Group's weighted average cost of capital ('WACC') of 9.5% (2023/24: 9.5%), plus a blended country risk premium for each CGU. The discount rate is a function of the cost of debt and equity. The cost of equity is largely based upon the risk-free rate for 10-year Government Bond yields for the European countries in which the Group operates (91% weighting) and 30-year UK gilts (9% weighting), adjusted for the relevant country market risk premium, ranging from 4.3% to 20.3%, which reflects the increased risk of investing in country specific equities and the relative volatilities of the equity of the Group compared to the market. This Group rate has been adjusted for the risks inherent in the countries in which the CGUs operate that are not reflected in the cash flow projections.

9. Intangible assets continued

The Group assesses climate change impacts when preparing its summary of key risks as part of its risk management processes. These risks inform the forecast for the year ended 31 December 2025 which is the basis of the Impairment modelling. The impact of climate change, both in terms of opportunities and risks is identified in the Group's TCFD disclosure within these financial statements.

Key assumptions by CGU	Northern Europe	Southern Europe	Eastern Europe
Long-term growth rate at 30 April 2025	***1.2%***	***1.2%***	**2.3%**
Long-term growth rate at 30 April 2024	1.3%	1.3%	2.7%
Discount rate at 30 April 2025	**9.6%**	**11.0%**	**11.1%**
Discount rate at 30 April 2024	10.3%	11.7%	12.0%

Goodwill impairment tests – sensitivities

The value-in-use is based upon anticipated discounted future cash flows. At 30 April 2025, the impairment tests concluded that there was headroom across all CGUs. Whilst the Directors believe the assumptions used are realistic, it is possible that a reduction in the headroom would occur if any of the above key assumptions were adversely changed. Factors which could cause an impairment are:

- significant and prolonged underperformance relative to the forecast; and
- *deteriorations in the economies in which the Group operates.*

To support their assertions, the Directors have reviewed the sensitivity analyses to determine the impact that would result from the above situations, including reduction or delays in future growth and increased discount rates. In these cases, if future estimates of economic improvements were delayed by twelve months, the terminal year cash flows reduced by 10%, or if the estimated discount rates applied to the cash flows were increased by 0.5%, there would still be adequate headroom to support the carrying value of the assets. Sensitivities have also been conducted to determine the change required to the CGUs EBITDA and discount rates, to reduce the recoverable amounts down to the carrying value of the assets. EBITDA growth is based on a number of elements over the long term, including price and volume growth in the first year as well as assumptions regarding inflation and the cyclical paper price assumption. With all other assumptions held constant, for Northern Europe, it would require a reduction in EBITDA of 15% (year ended 30 April 2024: 16%) or a discount rate of 13.0% (year ended 30 April 2024: 14.0%); Southern Europe a reduction in EBITDA of 16% (year ended 30 April 2024: 22%) or a discount rate of 13.8% (year ended 30 April 2024: 16.2%) and Eastern Europe a reduction in EBITDA of 24% (year ended 30 April 2024: 36%) or a discount rate of 15.8% (year ended 30 April 2024: 21.3%). Where future cashflows include cyclical paper price improvements, the sensitivities conducted identified that a reasonably possible change to the EBITDA growth assumptions or the *discount rates, which could move together in combination, would reduce the headroom of £630m in Northern Europe, €976m (£831m) in Southern* Europe and €550m (£468m) in Eastern Europe to nil.

10. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Under construction £m	Total £m
Cost					
At 1 May 2024	1,177	3,797	118	584	5,676
Additions	10	92	2	352	456
Disposals	(26)	(76)	(4)	–	(106)
Reclassification	–	19	2	(1)	20
Transfers	43	262	12	(317)	–
Transfer to assets held for sale (note 7)	(76)	(655)	–	(58)	(789)
Currency translation	(5)	(46)	(2)	(4)	(57)
At 30 April 2025	**1,123**	**3,393**	**128**	**556**	**5,200**
Depreciation and impairment					
At 1 May 2024	(288)	(1,584)	(61)	–	(1,933)
Depreciation charge	(32)	(218)	(11)	–	(261)
Impairment	–	(6)	–	–	(6)
Disposals	8	69	5	–	82
Reclassification	–	(4)	–	–	(4)
Transfers	(1)	2	(1)	–	–
Transfer to assets held for sale (note 7)	44	406	–	–	450
Currency translation	3	31	–	–	34
At 30 April 2025	**(266)**	**(1,304)**	**(68)**	**–**	**(1,638)**
Carrying amount					
At 1 May 2024	889	2,213	57	584	3,743
At 30 April 2025	**857**	**2,089**	**60**	**556**	**3,562**

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Under construction £m	Total £m
Cost					
At 1 May 2023	1,173	3,634	110	498	5,415
Acquisitions	2	4	–	–	6
Additions	17	111	4	428	560
Disposals	(18)	(91)	(4)	(8)	(121)
Reclassification	–	4	–	–	4
Transfers	43	265	14	(322)	–
Currency translation	(40)	(130)	(6)	(12)	(188)
At 30 April 2024	1,177	3,797	118	584	5,676
Depreciation and impairment					
At 1 May 2023	(271)	(1,560)	(55)	–	(1,886)
Acquisitions	–	(3)	–	–	(3)
Depreciation charge	(35)	(202)	(10)	–	(247)
Impairment	1	3	–	–	4
Disposals	9	82	3	–	94
Reclassification	–	(2)	–	–	(2)
Transfers	(12)	15	(3)	–	–
Currency translation	20	83	4	–	107
At 30 April 2024	(288)	(1,584)	(61)	–	(1,933)
Carrying amount					
At 1 May 2023	902	2,074	55	498	3,529
At 30 April 2024	**889**	**2,213**	**57**	**584**	**3,743**

Assets under construction mainly relate to production machines in Italy, France, Germany, UK and Portugal and site improvements under construction.

11. Right-of-use assets and lease liabilities

Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 May 2024	210	230	440
Additions	43	55	98
Disposals	(26)	(34)	(60)
Reclassification	–	(19)	(19)
Transfer to assets held for sale (note 7)	(48)	(8)	(56)
Currency translation	(1)	–	(1)
At 30 April 2025	**178**	**224**	**402**
Depreciation and impairment			
At 1 May 2024	(87)	(116)	(203)
Depreciation charge	(36)	(45)	(81)
Impairment	–	(2)	(2)
Disposals	25	35	60
Reclassification	–	7	7
Transfer to assets held for sale (note 7)	23	3	26
Currency translation	1	1	2
At 30 April 2025	**(74)**	**(117)**	**(191)**
Carrying amount			
At 1 May 2024	123	114	237
At 30 April 2025	**104**	**107**	**211**

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 May 2023	197	215	412
Additions	50	52	102
Disposals	(33)	(31)	(64)
Currency translation	(4)	(6)	(10)
At 30 April 2024	210	230	440
Depreciation and impairment			
At 1 May 2023	(82)	(106)	(188)
Depreciation charge	(33)	(43)	(76)
Disposals	26	30	56
Currency translation	2	3	5
At 30 April 2024	(87)	(116)	(203)
Carrying amount			
At 1 May 2023	115	109	224
At 30 April 2024	**123**	**114**	**237**

11. Right-of-use assets and lease liabilities continued

Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 £m	2024 £m
At beginning of the year	**239**	224
Additions	**98**	102
Accretion of interest	**14**	12
Payments	**(89)**	(84)
Early termination	**(5)**	(10)
Currency translation	**(1)**	(5)
Transfer to liabilities held for sale (note 7)	**(35)**	–
At end of the year	**221**	239
Current	**68**	75
Non-current	**153**	164
	221	239

The maturity analysis of lease liabilities is presented in note 18.

12. Equity accounted investments

	2025 £m	2024 £m
At beginning of the year	**17**	17
Dividends	**(1)**	(2)
Share of profit of equity accounted investments, net of tax (discontinued operations)	**1**	2
RKTK reversal of impairment	**–**	10
RKTK disposal	**–**	(10)
Transfer to assets held for sale (note 7)	**(13)**	–
At end of the year	**4**	17

Principal equity accounted investments

	Nature of business	Principal country of operation	Ownership interest 2025	2024
Continuing operations				
Cartonajes Santander, S.L.	Packaging	Spain	**39.6%**	39.6%
Cartonajes Cantabria S.L.	Packaging	Spain	**39.6%**	39.6%
Euskocarton, S.L.	Packaging	Spain	**39.6%**	39.6%
Industria Cartonera Asturiana S.L.	Packaging	Spain	**39.6%**	39.6%
Discontinued operations				
Philcorr LLC	Packaging	USA	**40.0%**[1]	40.0%
Philcorr Vineland LLC	Packaging	USA	**40.0%**[1]	40.0%

1 – part of North America Paper and Packaging segment reclassified to assets held for sale at 30 April 2025.

In April 2024, the Group sold its previously fully written-down Ukrainian associate, RKTK, for £10m. £5m was received by 30 April 2024 and a further £5m is expected to be received in the next three financial years. This resulted in a £10m gain on divestment in the year ended 30 April 2024.

All the above associates are accounted for using the equity method because the Group has the ability to exercise significant influence over the investments due to the Group's equity holdings and board representation.

12. Equity accounted investments continued

Summary of financial information of associates

The financial information below is for the Group's associates from continuing operations on a 100% basis for the year ended 30 April.

	2025 £m	2024 £m
Current assets	**7**	16
Non-current assets	**2**	12
Current liabilities	**(1)**	(6)
Non-current liabilities	**–**	(4)
Revenue[1]	**1**	1
Profit after tax[1]	**–**	–
Total comprehensive income[1]	**–**	–

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

13. Other investments

	2025 £m	2024 £m
Investments	**3**	11
Restricted cash	**6**	6
	9	17

14. Inventories

	2025 £m	2024 £m
Raw materials and consumables	**333**	366
Work in progress	**22**	24
Finished goods	**206**	201
	561	591

Inventory provisions at 30 April 2025 were £53m (30 April 2024: £57m).

Inventories of £2,316m were recognised as an expense during the year ended 30 April 2025 (2023/24: £2,253m) and included within cost of sales.

15. Trade and other receivables

	2025		2024	
	Non-current £m	Current £m	Non-current £m	Current £m
Trade receivables	**–**	**883**	–	900
Loss allowance	**–**	**(26)**	–	(28)
Prepayments and accrued income	**7**	**102**	4	78
Other deposits	**–**	**2**	–	29
Other receivables	**–**	**177**	–	151
	7	**1,138**	4	1,130

Other receivables comprise various items including indirect tax receivable, employee advances and interest receivable. Included within other receivables are energy support receivables of £48m (30 April 2024: £40m) and indirect tax receivables of £86m (30 April 2024: £61m).

The Group has sold without recourse certain trade receivables and on realisation the receivable is de-recognised and proceeds are presented within operating cash flows. Other deposits relate to these arrangements. Sold trade receivables under these arrangements at 30 April 2025 amounted to £397m (30 April 2024: £369m). Accrued income amounted to £41m (30 April 2024: £22m).

15. Trade and other receivables continued

	Total £m	Current (not past due) £m	Of which past due: 1 month or less £m	1–3 months £m	3–6 months £m	6–12 months £m	More than 12 months £m
At 30 April 2025							
Gross trade receivables	**883**	**817**	**37**	**6**	**3**	**3**	**17**
Weighted average loss rate	**2.9%**	**0.4%**	**2.7%**	**16.7%**	**33.3%**	**100.0%**	**100.0%**
Loss allowance	**(26)**	**(3)**	**(1)**	**(1)**	**(1)**	**(3)**	**(17)**
At 30 April 2024							
Gross trade receivables	900	862	5	6	1	2	24
Weighted average loss rate	3.1%	0.5%	20.0%	–	–	50.0%	91.7%
Loss allowance	(28)	(4)	(1)	–	–	(1)	(22)

Movement in loss allowance

	2025 £m	2024 £m
At beginning of the year	**(28)**	(31)
Amounts written off	**2**	2
Net remeasurement of loss allowance	**(1)**	–
Currency translation	**–**	1
Transfer to held for sale	**1**	–
At end of the year	**(26)**	(28)

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and diverse. The majority of customers are credit insured and the Group has a history of low levels of losses in respect of trade receivables.

The loss allowance represents the Group's expected credit losses on trade receivables as defined under IFRS 9 *Financial Instruments*. The expected credit losses are estimated using a provision matrix by grouping trade receivables based on shared credit risk characteristics and the days past due. Expected loss rates are calculated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The accounting impact of credit insurance is not considered integral to the consideration of the carrying value of the trade receivables.

16. Trade and other payables

	2025 Non-current £m	2025 Current £m	2024 Non-current £m	2024 Current £m
Trade payables	**–**	**1,116**	–	1,253
Interest payable	**–**	**52**	–	57
Other non-trade payables and accrued expenses	**30**	**538**	31	509
	30	**1,706**	31	1,819

The Group assesses the supply chain finance programmes to ascertain whether liabilities to suppliers who have chosen to access an earlier payment under the scheme continue to meet the definition of trade payables or should be reclassified as borrowings. The Group has concluded that the Group's liability to the supplier remains unchanged for all such programmes and, as such, these balances remain in trade payables and the cash flows associated with these programmes remain within operating cash flows.

Included in trade payables are amounts at 30 April 2025 of £190m (30 April 2024: £210m) for which suppliers have received payment from finance providers under trade finance facilities. Judgement is required to assess the payables subject to these arrangements and whether they should continue to be classified as trade payables, and whether the cash flows should continue to be classified as cash flows from operating activities. Suppliers choose to enter into these arrangements at their discretion for working capital management purposes, which provide access to favourable interest rates from the finance providers based on the Group's favourable credit rating. If suppliers do not choose early payment under these arrangements, their invoices are settled by the finance providers in accordance with the originally agreed payment terms. Facilities are provided by approved bank counterparties and are uncommitted. The Group does not pay any additional interest to the finance providers on the amounts owed to suppliers.

16. Trade and other payables continued

These arrangements do not provide the Group with a significant benefit of additional financing and accordingly are classified as trade payables. The total size of these facilities at the reporting date is £244m (30 April 2024: £258m). Of these facilities, £244m (30 April 2024: £258m) are subject to payment terms which are in line with normal payment terms for the suppliers and are paid in a range of 60 to 120 days.

Included within other non-trade payables and accrued expenses are indirect tax payables of £83m (30 April 2024: £67m), capital creditors of £51m (30 April 2024: £79m), employee cost accruals of £95m (30 April 2024: £103m), payroll and other taxes of £84m (30 April 2024: £56m) and holiday pay of £63m (30 April 2024: £62m).

17. Cash and cash equivalents

	2025 £m	2024 £m
Bank balances	**263**	437
Short-term deposits	**14**	62
Cash and cash equivalents (consolidated statement of financial position)	**277**	499
Bank overdrafts	**(93)**	(89)
Net cash and cash equivalents (consolidated statement of cash flows)	**184**	410

18. Borrowings

	2025			2024		
	Current £m	Non-current £m	Total £m	Current £m	Non-current £m	Total £m
Bank and other loans[1]	**(48)**	**(776)**	**(824)**	(2)	(7)	(9)
Medium-term notes and other fixed-term debt						
€452.4m medium-term note 1.375% coupon July 2024	**–**	**–**	**–**	(387)	–	(387)
€10m term loan 1.4% coupon September 2025	**–**	**–**	**–**	(8)	(1)	(9)
€600m medium-term note 0.875% coupon September 2026	**–**	**(510)**	**(510)**	–	(511)	(511)
€850m medium-term note 4.375% coupon July 2027	**–**	**(721)**	**(721)**	–	(721)	(721)
€200m term loan 2.83% coupon March 2029	**(43)**	**(125)**	**(168)**	–	–	–
£250m medium-term note 2.875% coupon July 2029	**–**	**(249)**	**(249)**	–	(249)	(249)
€650m medium-term note 4.5% coupon July 2030	**–**	**(551)**	**(551)**	–	(551)	(551)
	(91)	**(2,932)**	**(3,023)**	(397)	(2,040)	(2,437)

1. Drawings under bank loans and revolving credit facility. £1.25 billion revolving credit facility expires 29 May 2027.The current borrowing is a short-term drawing under a £50m uncommitted facility.

Borrowings are unsecured and measured at amortised cost. There were no breaches of covenants during the year ended 30 April 2025 in relation to the above borrowings.The covenants have since been replaced by covenants directly with its ultimate parent, International Paper Company.

Of the total borrowing facilities available to the Group, the undrawn committed facilities available at 30 April were as follows:

	2025 £m	2024 £m
Expiring within one year	**–**	300
Expiring between one and two years	**51**	51
Expiring between two and five years	**479**	1,100
Expiring after five years	**–**	–
	530	1,451

The £530m of undrawn facilities consist of revolving credit facilities.

18. Borrowings continued

The repayment profile of the Group's borrowings, after taking into account the effect of forward foreign exchange contracts, is as follows:

	2025				
	1 year or less £m	1–2 years £m	2–5 years £m	More than 5 years £m	Total £m
Borrowings					
Fixed rate	**(43)**	**(555)**	**(1,052)**	**(549)**	**(2,199)**
Floating rate	**(48)**	**(1)**	**(774)**	**(1)**	**(824)**
Total borrowings	**(91)**	**(556)**	**(1,826)**	**(550)**	**(3,023)**

	2024				
	1 year or less £m	1–2 years £m	2–5 years £m	More than 5 years £m	Total £m
Borrowings					
Fixed rate	(397)	(4)	(1,234)	(802)	(2,437)
Floating rate	–	–	–	–	–
Total borrowings	(397)	(4)	(1,234)	(802)	(2,437)

The Group's borrowings, including the effect of forward foreign exchange contracts, are denominated in the following currencies:

	2025				
	Sterling £m	Euro £m	US dollar £m	Other £m	Total £m
Borrowings					
Fixed rate	**(250)**	**(1,880)**	**(67)**	**(2)**	**(2,199)**
Floating rate	**–**	**(823)**	**–**	**(1)**	**(824)**
	(250)	**(2,703)**	**(67)**	**(3)**	**(3,023)**
Net cash and cash equivalents (including bank overdrafts)					
Floating rate	**(78)**	**129**	**20**	**113**	**184**
Net borrowings at 30 April 2025	**(328)**	**(2,574)**	**(47)**	**110**	**(2,839)**

	2024				
	Sterling £m	Euro £m	US dollar £m	Other £m	Total £m
Borrowings					
Fixed rate	(153)	(2,160)	(124)	–	(2,437)
Floating rate	–	–	–	–	–
	(153)	(2,160)	(124)	–	(2,437)
Net cash and cash equivalents (including bank overdrafts)					
Floating rate	38	204	6	162	410
Net borrowings at 30 April 2024	(115)	(1,956)	(118)	162	(2,027)

At 30 April 2025, 89% of the Group's borrowings, after taking into account the effect of forward foreign exchange contracts, were denominated in euros in order to hedge the underlying assets of the Group's European operations (30 April 2024: 89%). Interest rates on floating rate borrowings are based on EURIBOR, or where applicable, local currency base rates. The Group's sterling denominated floating rate borrowings are based on SONIA.

18. Borrowings continued

Maturity of lease liabilities

	1 year or less £m	1–2 years £m	2–5 years £m	More than 5 years £m	Total £m
At 30 April 2024	(75)	(54)	(78)	(32)	(239)
At 30 April 2025	**(68)**	**(52)**	**(74)**	**(27)**	**(221)**

Denomination of lease liabilities

	Sterling £m	Euro £m	US dollar £m	Other £m	Total £m
At 30 April 2024	(54)	(103)	(38)	(44)	(239)
At 30 April 2025	**(48)**	**(122)**	**–**	**(51)**	**(221)**

Changes in liabilities arising from financing activities

	At 1 May 2024 £m	Financing cash flows £m	Acquisitions and divestments £m	New leases and early termination £m	Movements in fair value £m	Other £m	At 30 Apr 2025 £m
Bank and other loans, including commercial paper	(9)	(804)	–	–	–	(11)	**(824)**
Medium-term notes and other fixed-term debt	(2,428)	219	–	–	–	10	**(2,199)**
Lease liabilities	(239)	75	35	(93)	–	1	**(221)**
Derivative financial instruments relating to hedging of financial liabilities							
- assets	–	(3)	–	–	5	–	**2**
Total liabilities from financing activities	**(2,676)**	**(513)**	**35**	**(93)**	**5**	**–**	**(3,242)**

	At 1 May 2023 £m	Financing cash flows £m	Acquisitions and divestments £m	New leases and early termination £m	Movements in fair value £m	Other £m	At 30 Apr 2024 £m
Bank and other loans, including commercial paper	(365)	357	–	–	–	(1)	(9)
Medium-term notes and other fixed-term debt	(1,451)	(1,025)	–	–	–	48	(2,428)
Lease liabilities	(224)	72	–	(86)	–	(1)	(239)
Total liabilities from financing activities	(2,040)	(596)	–	(86)	–	46	(2,676)

Other changes include foreign exchange movements and amortisation of capitalised borrowing costs.

Financing cash flows consist of the net amount of proceeds from borrowings, repayment of borrowings, repayment of lease obligations and proceeds from settlement of derivative financial instruments in the consolidated statement of cash flows. Payments in respect of and proceeds from settlement of derivative financial instruments under financing activities in the consolidated statement of cash flows relate solely to derivative financial instruments used to hedge the Group's borrowings and net assets of foreign operations. Operating cash flows include settlement of commodity derivatives.

19. Financial instruments

The Group's activities expose the Group to a number of key risks which have the potential to affect its ability to achieve its business objectives. A summary of the Group's key financial risks and the policies and objectives in place to manage these risks is set out in the Group Strategic Report.

The derivative financial instruments set out in this note have been entered into in line with the Group's risk management objectives. The Group's treasury policy prohibits entering into speculative transactions.

(a) Carrying amounts and fair values of financial assets and liabilities

Set out below is the accounting classification of the carrying amounts and fair values of all of the Group's financial assets and liabilities:

	Category	2025 Carrying amount £m	2025 Fair value £m	2024 Carrying amount £m	2024 Fair value £m
Financial assets					
Cash and cash equivalents	Amortised cost	**277**	**277**	499	499
Restricted cash	Amortised cost	**6**	**6**	6	6
Other investments	Fair value through other comprehensive income	**3**	**3**	11	11
Trade and other receivables	Amortised cost	**1,145**	**1,145**	1,134	1,134
Derivative financial instruments	Fair value – hedging instruments	**55**	**55**	79	79
Total financial assets		**1,486**	**1,486**	1,729	1,729
Financial liabilities					
Trade and other payables	Amortised cost, except as detailed below	**(1,736)**	**(1,736)**	(1,850)	(1,850)
Bank and other loans	Amortised cost	**(824)**	**(824)**	(9)	(9)
Medium-term notes and other fixed-term debt	Amortised cost	**(2,199)**	**(2,222)**	(2,428)	(2,382)
Lease liabilities	Amortised cost	**(221)**	**(221)**	(239)	(239)
Bank overdrafts	Amortised cost	**(93)**	**(93)**	(89)	(89)
Derivative financial instruments	Fair value – hedging instruments	***(95)***	***(95)***	*(193)*	*(193)*
Total financial liabilities		**(5,168)**	**(5,191)**	(4,808)	(4,762)

The 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. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists. The Group uses forward prices for valuing forward foreign exchange and commodity contracts and uses valuation models with present value calculations based on market yield curves to value fixed rate borrowings. All derivative financial instruments are shown at fair value in the consolidated statement of financial position.

The Group's medium-term notes and other fixed-term debt are in effective cash flow and net investment hedges. The fair values of financial assets and liabilities which bear floating rates of interest or are short term in nature are estimated to be equivalent to their carrying amounts.

The Group's financial assets and financial liabilities are categorised within the fair value hierarchy that reflects the significance of the inputs used in making the assessments. The majority of the Group's financial instruments are Level 2 financial instruments in accordance with the fair value hierarchy, meaning although the instruments are not traded in an active market, inputs to fair value are observable for the asset and liability, either directly (i.e. quoted market prices) or indirectly (i.e. derived from prices). The Group's medium-term notes are Level 1 financial instruments, as the notes are listed on the Luxembourg Stock Exchange. Other investments are Level 3 financial instruments. The fair value of other investments is derived from fair value calculations based on their cash flows.

19. Financial instruments continued

(b) Derivative financial instruments

The Group enters into foreign exchange and commodity derivative financial instruments to manage the risks associated with the Group's underlying business activities and the financing of these activities. Derivatives are carried at their fair value in the statement of financial position.

The assets and liabilities of the Group at 30 April in respect of derivative financial instruments are as follows:

	Assets		Liabilities		Net	
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Derivatives held to hedge future transactions:						
Forward foreign exchange contracts	**2**	–	**–**	–	**2**	–
Energy and carbon certificate costs	**53**	79	**(95)**	(193)	**(42)**	(114)
Total derivative financial instruments	**55**	79	**(95)**	(193)	**(40)**	(114)
Current	**36**	64	**(75)**	(122)	**(39)**	(58)
Non-current	**19**	15	**(20)**	(71)	**(1)**	(56)
	55	79	**(95)**	(193)	**(40)**	(114)

(c) Cash flow and net investment hedges

(i) Hedge reserves

Set out below is the reconciliation of each component in the hedging reserve:

	Commodity risk £m	Foreign exchange risk £m	Total £m
Balance at 1 May 2023	115	(2)	113
(Loss)/gain on designated cash flow hedges:			
Commodity contracts	(237)	–	(237)
Forward foreign exchange contracts	–	1	1
Loss reclassified from equity to the income statement:			
Commodity contracts	25	–	25
Deferred tax	41	–	41
At 30 April 2024	**(56)**	**(1)**	**(57)**
Gain on designated cash flow hedges:			
Commodity contracts	50	–	50
Forward foreign exchange contracts	–	–	–
Gain reclassified from equity to the income statement:			
Commodity contracts	(19)	–	(19)
Deferred tax	(6)	–	(6)
At 30 April 2025	**(31)**	**(1)**	**(32)**

19. Financial instruments continued

(c) Cash flow and net investment hedges continued

(i) Hedge reserves continued

The amounts reclassified to the income statement from the cash flow hedging reserve during the year are reflected in the following items in the income statement:

	2025 £m	2024 £m
Operating costs	**(19)**	25
Finance costs	**–**	–
Total pre-tax loss/(gain) reclassified from equity to the income statement during the year	**(19)**	25

There was £nil recognised ineffectiveness during the year ended 30 April 2025 (2023/24: £nil) in respect of cross-currency swaps, forward foreign exchange contracts and commodity derivatives.

(ii) Hedges of net investments in foreign operations

The Group utilises foreign currency borrowings and forward foreign exchange contracts as hedges of long-term investments in foreign subsidiaries. The pre-tax gain on the hedges recognised in equity during the year was £8m (2023/24: gain of £41m). This £8m is matched by a similar gain in equity on the retranslation of the hedged foreign subsidiary net assets resulting in a net gain of £nil (2023/24: net gain of £nil) treated as hedge ineffectiveness in the income statement.

(d) Risk identification and risk management

(i) Capital management

In June 2024 the Group drew down €200m on a new term loan facility with a March 2029 maturity and weighted fixed rate of 2.83%. Scheduled repayments of €12.5m a quarter begin in June 2025.

In July 2024 the Group repaid the remaining €452m of the €750m medium-term note, of which €298m had been repaid in July 2023, ahead of maturity. Scheduled quarterly repayments, which settled a term loan, amounted to €9m.

Managed capital is different from capital employed (defined as property, plant and equipment, right-of-use assets, goodwill and intangible assets, working capital, capital debtors/creditors, provisions, biological assets and assets/liabilities held for sale). Managed capital relates to the Group's sources of funding.

The Group funds its operations from the following sources of capital: operating cash flow, borrowings, shareholders' equity and, where appropriate, divestments of non-core businesses. The Group's objective is to achieve a capital structure that results in an appropriate cost of capital whilst providing flexibility in short and medium-term funding so as to accommodate significant investments or acquisitions. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having borrowings with a range of maturities and from a variety of sources.

The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, as described elsewhere in this note. The Group Treasury function operates in accordance with policies and procedures approved by the Board. The function arranges funding for the Group, provides a service to operations and implements strategies for financial risk management.

19. Financial instruments continued

(d) Risk identification and risk management continued

(ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of a change in market prices. The Group is exposed to changes in interest rates, foreign currency exchange rates and commodity prices.

Interest rate risk

The Group is exposed to interest rate risk as borrowings are arranged at fixed interest rates, exposing it to fair value risk, and at floating interest rates, exposing it to future cash flow risk. The risk is managed by maintaining a mix of fixed and floating rate borrowings. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity

At 30 April 2025, 73% of the Group's borrowings were at fixed rates of interest (30 April 2024: 100%). The sensitivity analysis below shows the impact on profit of a 100 basis points rise in market interest rates (representing management's assessment of the reasonably possible change in interest rates) in all currencies in which the Group had variable-rate borrowings during the year ended 30 April 2025.

To calculate the impact on the income statement for the year, the interest rates on all variable-rate external borrowings and cash deposits have been increased by 100 basis points. The impact on equity is equal to the impact on profit.

The results are presented before non-controlling interests and tax.

	2025 £m	2024 £m
Impact on profit of increase in market interest rates of 100 basis points	**(9)**	(6)

Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in sterling, was as follows:

	2025		2024	
	EUR £m	**USD £m**	EUR £m	USD £m
Trade receivables	**642**	**–**	636	64
Trade payables	**(1,153)**	**–**	(1,183)	(74)
Net borrowings[1]	**(2,574)**	**(47)**	(1,956)	(118)

1. After taking into account the effect of forward foreign exchange contracts.

Foreign exchange risk on investments

The Group is exposed to foreign exchange risk arising from net investments in Group entities, the functional currencies of which differ from the *Group's presentational currency, sterling. The Group partly hedges this exposure through borrowings denominated in foreign currencies and forward* foreign exchange contracts.

Gains and losses arising from hedges of net investments are recognised in equity.

Foreign exchange risk on borrowings

The Group is exposed to foreign exchange risk on borrowings denominated in foreign currencies. To mitigate this risk, the foreign currency borrowings are designated in hedges of net investments.

19. Financial instruments continued

(d) Risk identification and risk management continued

(ii) Market risk continued

Foreign exchange risk on transactions

Foreign currency transaction risk arises where a business unit makes product sales or purchases in a currency other than its functional currency. Part of this risk is hedged using forward foreign exchange contracts which are designated as cash flow hedges.

The Group only designates the forward rate of foreign currency forwards in hedge relationships.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, maturity and underlying terms) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates.

The Group's main currency exposures are to the euro and US dollar. The following significant exchange rates applied during the year:

	2025		2024	
	Average	**Closing**	Average	Closing
Euro	**1.188**	**1.174**	1.161	1.170
US dollar	**1.281**	**1.335**	1.258	1.254

Foreign exchange risk on transactions continued

The following sensitivity analysis shows the impact on the Group's results of a 10% strengthening and weakening in the sterling exchange rate against all other currencies representing management's assessment of the reasonably possible change in foreign exchange rates. The analysis is restricted to financial instruments denominated in a foreign currency and excludes the impact of financial instruments designated as net investment hedges.

Net investment hedges are excluded as the impact of the foreign exchange movements on these are offset by equal and opposite movements in the hedged items.

The results are presented before non-controlling interests and tax.

	2025		2024	
	Impact on profit £m	**Impact on total equity £m**	Impact on profit £m	Impact on total equity £m
10% strengthening of sterling	**–**	**16**	–	25
10% weakening of sterling	**–**	**(20)**	–	(31)

19. Financial instruments continued

(d) Risk identification and risk management continued

(ii) Market risk continued

Commodity risk

The Group's main commodity exposures are to changes in gas and electricity prices. The Group also hedges its exposure to fluctuations in the cost of carbon emission certificates. This commodity price risk is managed by a combination of physical supply agreements and derivative instruments. At 30 April 2025, losses of £31m net of tax (2023/24: losses of £56m) are deferred in equity in respect of cash flow hedges in accordance with IFRS 9. Any gains or losses deferred in equity will be reclassified to the income statement in the period in which the hedged item also affects the income statement, which will occur within three years.

The following table details the Group's sensitivity to a 10% increase in these prices, which is management's assessment of the reasonably possible change, on average, over any given year. A decrease of 10% in these prices would produce an opposite effect on equity. As all of the Group's commodity financial instruments achieve hedge accounting under IFRS 9, there is no impact on profit for either year.

The results are presented before non-controlling interests and tax.

	2025		2024	
	Impact on profit £m	**Impact on total equity £m**	Impact on profit £m	Impact on total equity £m
10% increase in electricity prices	**–**	**3**	–	–
10% increase in gas prices	**–**	**13**	–	25
10% increase in carbon certificate prices	**–**	**4**	–	5

(iii) Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due, causing financial loss to the Group. In the current economic environment, the Group has placed increased emphasis on the management of credit risk. The carrying amount of financial assets at 30 April 2025 was £1,486m and is analysed in note 19(a). This represents the maximum credit risk exposure.

Credit risk on financial instruments held with financial institutions is assessed and managed by reference to the long-term credit ratings assigned to that counterparty by S&P Global Ratings' and Moody's credit rating agencies. Amounts deposited with counterparties are subject to limits based on their credit ratings. There are no significant concentrations of credit risk.

See note 15 for information on credit risk with respect to trade receivables.

19. Financial instruments continued

(d) Risk identification and risk management continued

(iv) Liquidity risk

Liquidity risk is the risk that the Group, although solvent, will have difficulty in meeting its obligations associated with its financial liabilities as they fall due.

The Group manages its liquidity risk by maintaining a sufficient level of undrawn committed borrowing facilities. At 30 April 2025, the Group had £530m of undrawn committed borrowing facilities (30 April 2024: £1,451m), which comprises revolving credit facilities. The Group mitigates its refinancing risk by raising its debt requirements from a number of different sources with a range of maturities.

The following table is an analysis of the undiscounted contractual maturities of non-derivative financial liabilities.

	Contractual repayments			
At 30 April 2025	Total £m	1 year or less £m	1–5 years £m	More than 5 years £m
Non-derivative financial liabilities				
Trade and other payables	**1,736**	**1,706**	**30**	**–**
Bank and other loans	**825**	**48**	**777**	**–**
Medium-term notes and other fixed-term debt	**2,210**	**43**	**1,613**	**554**
Lease liabilities	**264**	**70**	**147**	**47**
Bank overdrafts	**93**	**93**	**–**	**–**
Interest payments on borrowings	**300**	**73**	**202**	**25**
Total non-derivative financial liabilities	**5,428**	**2,033**	**2,769**	**626**

	Contractual repayments			
At 30 April 2024	Total £m	1 year or less £m	1–5 years £m	More than 5 years £m
Non-derivative financial liabilities				
Trade and other payables	1,850	1,819	31	–
Bank and other loans	9	2	7	–
Medium-term notes and other fixed-term debt	2,441	395	1,240	806
Lease liabilities	271	77	150	44
Bank overdrafts	89	89	–	–
Interest payments on borrowings	364	74	233	57
Total non-derivative financial liabilities	5,024	2,456	1,661	907

Refer to note 27 for a summary of the Group's capital commitments.

19. Financial instruments continued

(d) Risk identification and risk management continued

(iv) Liquidity risk continued

The following table is an analysis of the undiscounted contractual maturities of derivative financial liabilities. Where the payable and receivable legs of these derivatives are denominated in foreign currencies, the contractual payments or receipts have been calculated based on exchange rates prevailing at the respective year ends. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

Where applicable, interest and foreign exchange rates prevailing at the reporting date are assumed to remain constant over the future contractual maturities.

	Contractual payments/(receipts)			
At 30 April 2025	Total £m	1 year or less £m	1–5 years £m	More than 5 years £m
Derivative financial liabilities				
Energy derivatives	**96**	**75**	**21**	**–**
Forward foreign exchange contracts:				
Payments	**20**	**20**	**–**	**–**
Receipts	**(20)**	**(20)**	**–**	**–**
Total derivative financial liabilities	**96**	**75**	**21**	**–**

	Contractual payments/(receipts)			
At 30 April 2024	Total £m	1 year or less £m	1–5 years £m	More than 5 years £m
Derivative financial liabilities				
Energy derivatives	199	124	75	–
Forward foreign exchange contracts:				
Payments	73	69	4	–
Receipts	(72)	(68)	(4)	–
Total derivative financial liabilities	200	125	75	–

20. Deferred tax assets and liabilities

Analysis of movements in recognised deferred tax assets and liabilities during the year;

	Property, plant and equipment and intangible assets		Employee benefits including pensions		Tax losses		Other[1]		Total	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
At beginning of the year	**(303)**	(296)	**11**	19	**68**	50	**34**	(24)	**(190)**	(251)
Credit/(charge) for the year:										
– continuing	**16**	(14)	**(6)**	(5)	**8**	(5)	**(1)**	13	**17**	(11)
– discontinued	**7**	2	**(2)**	–	**15**	22	**3**	1	**23**	25
Recognised directly in equity	**–**	–	**(4)**	(1)	**4**	–	**(6)**	41	**(6)**	40
Currency translation	**4**	5	**–**	(2)	**(2)**	1	**(1)**	3	**1**	7
Transfer to asset/(liabilities) held for sale	**71**	–	**–**	–	**(35)**	–	**(17)**	–	**19**	–
At end of the year	**(205)**	(303)	**(1)**	11	**58**	68	**12**	34	**(136)**	(190)

1. Includes deferred tax assets in respect of derivative financial instruments of £11m (30 April 2024: £17m).

At 30 April 2025, deferred tax assets and liabilities were recognised for all taxable temporary differences except:

- where the deferred tax liability arises on goodwill;
- except on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of temporary differences can be controlled by the Group and it is probable that temporary differences will not reverse in the foreseeable future.

At 30 April 2025, no deferred tax liability has been recognised in respect of temporary differences relating to unremitted earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The amount of the associated temporary differences at 30 April 2025 was £2,438m (30 April 2024: £2,402m).

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2025 £m	2024 £m
Deferred tax liabilities	**(167)**	(213)
Deferred tax assets	**31**	23
Net deferred tax	**(136)**	(190)

The deferred tax asset in respect of tax losses at 30 April 2025 includes an asset in the UK of £21m (30 April 2024: £18m). The asset has been recognised based on the Group forecasting sufficient taxable profits over the foreseeable future against which these losses will be realised.

In addition to the tax losses above, the Group has tax losses at 30 April 2025 of £231m (30 April 2024: £119m) for which no deferred tax assets have been recognised. These losses include £138m which do not expire, £82m which expire between 2026 and 2030 and £11m which expire between 2037 and 2041 under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise these benefits.

The Group also has £72m (30 April 2024: £156m) of other temporary differences on which it has not recognised deferred tax assets. These temporary differences do not expire.

21. Provisions

	Restructuring £m	Carbon Credits £m	Other £m	Total £m
At 1 May 2024	4	36	28	68
Charged to income	23	3	7	33
Credited to income	–	–	(8)	(8)
Utilised	(26)	–	(7)	(33)
At 30 April 2025	**1**	**39**	**20**	**60**
Non-current	–	–	7	7
Current	1	39	13	53
At 30 April 2025	**1**	**39**	**20**	**60**

The restructuring provision includes amounts associated with site closures and restructuring costs.

The Group was one of a number of companies operating in the paper packaging industry that was subject to a decision (currently the subject of appeal) by the Italian Competition Authority concerning anti-competitive behaviour in Italy (the 'Decision'). Given its position as leniency applicant, the *Group was not fined. The Group is subject to a number of claims (both actual and threatened)* for compensation in respect of the Decision, which the Group intends to defend robustly. Given the early stage of these claims, the ongoing appeal process, the Group's intention to defend all claims robustly and having applied the tests in IAS 37, no provision has been recognised and instead this item has been disclosed as a contingent liability.

The carbon credit provision is in respect of the liability for C02 emissions in excess of the CO2 allowance and is expected to be utilised in the next year.

Other provisions relate to environmental and restoration liabilities, indemnities and estimated liabilities arising from actual and potential litigation and disputes. The Group has considered the impact of climate factors. Other than those relating to carbon emissions (refer to note 9 for further details) on its operations, no other climate-related provision has been recognised in the current financial year.

The timing of the utilisation of these provisions is uncertain, except where the associated costs are contractual, in which case the provision is utilised over the time period specified in the contract.

22. Capital and reserves

Share capital

	Number of shares			
	2025 millions	2024 millions	2025 £m	2024 £m
Ordinary equity shares of 10 pence each:				
Issued, allotted, called up and fully paid	–	1,379	–	138

During the year ended 30 April 2025, 6,957,973 (2023/24: 1,803,581) ordinary shares were issued as a result of exercises of employee share options.

The net movements in share capital and share premium are disclosed in the consolidated statement of changes in equity.

A share capital reduction was undertaken in February 2025 to reduce share capital by £138,621,002 by cancelling and extinguishing 1,386,210,020 of the issued ordinary shares of £0.10 each in the Company, which was then credited to the Company's profit and loss account as a distributable reserve for the purposes of Part 23 of the Companies Act 2006 in accordance with the Companies (Reduction of Share Capital) Order 2008. At 30 April 2025, there were 1,954 ordinary shares of £0.10 each remaining in issue.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

22. Capital and reserves continued

Share premium

The share premium account represents the difference between the issue price and the nominal value of shares issued.

Own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. The Group operates a General Employee Benefit Trust, which acquires shares in the Company that can be used to satisfy the requirements of the Performance Share Plans. At 30 April 2025, the General Employee Benefit Trust held 7,772 shares (30 April 2024: 2.8m shares). The market value of the shares at 30 April 2025 was £34,000 (30 April 2024: £9.7m). As a result of the all-share combination of the Group with International Paper Company on 31 January 2025, the Sharesave plans were closed with limited options to continue saving for 6 months resulting in a significant decrease in the shares held by the Group as at 30 April 2025. Dividends receivable on the shares owned by the Trust have been waived.

Retained earnings

Retained earnings includes a merger relief reserve related to the shares issued in consideration to the sellers of EcoPack/EcoPaper in 2017/18. The closing balance of this reserve is £32m (30 April 2024: £32m).

23. Employee benefits

	Total		UK		Overseas	
Balance sheet	**2025 £m**	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Present value of post-retirement obligations	**(798)**	(840)	**(674)**	(717)	**(124)**	(123)
Government issued nominal bonds	**171**	128	**171**	128	**–**	–
Government issued index-linked bonds	**491**	468	**491**	468	**–**	–
Equities/multi-strategy	**61**	27	**46**	12	**15**	15
Debt instruments	**353**	368	**328**	344	**25**	24
Derivatives	**(2)**	(1)	**(2)**	(1)	**–**	–
Real estate	**1**	1	**–**	–	**1**	1
Cash and cash equivalents	**18**	22	**17**	21	**1**	1
Other	**178**	157	**159**	139	**19**	18
Debt (repurchase agreements) used to fund liability driven investments	**(470)**	(350)	**(470)**	(350)	**–**	–
	801	820	**740**	761	**61**	59
Net post-retirement plan (deficit)/surplus	**3**	(20)	**66**	44	**(63)**	(64)
Other employee benefit liabilities	**(5)**	(12)	**–**	–	**(5)**	(12)
Total employee benefit (deficit)/surplus	**(2)**	(32)	**66**	44	**(68)**	(76)
Related deferred tax asset/(liability)	**1**	7	**(16)**	(11)	**17**	18
Net employee benefit (deficit)/surplus	**(1)**	(25)	**50**	33	**(51)**	(58)

Employee benefit schemes

At 30 April 2025, the Group operated a number of employee benefit arrangements for the benefit of its employees throughout the world. The plans are provided through both defined benefit and defined contribution arrangements and their legal status and control vary depending on the conditions and practices in the countries concerned.

Pension scheme trustees and representatives of the Group work with those managing the employee benefit arrangements to monitor the effects on the arrangements of changes in financial markets and the impact of uncertainty in assumptions, and to develop strategies that could mitigate the risks to which these employee benefit schemes expose the Group.

23. Employee benefits continued

UK schemes

The DS Smith Group Pension Scheme (the 'Group Scheme') is a UK funded final salary defined benefit scheme providing pensions and lump sum benefits to members and dependants. The Group Scheme closed to future accrual from 30 April 2011 with pensions calculated based on pensionable salaries up to the point of closure (or the date of leaving the Group Scheme, if earlier). The Group Scheme has a normal retirement age of 65 although some members are able to take their benefits earlier than this. Increases to pensions are affected by changes in the rate of inflation for the majority of members.

The Group Scheme is governed by a Trustee Company (DS Smith Pension Trustees Limited), which is comprised of a Board of Trustee Directors (the 'Trustee Board') represented by two independent members, two member appointees and two Group appointed members. The Trustee Board is responsible for managing the operation, funding and investment strategy of the Group Scheme.

UK legislation requires the Trustee Board to carry out actuarial funding valuations at least every three years and to target full funding over an appropriate period of time, considering the current circumstances of the Group Scheme and the Group on a basis that prudently reflects the risks to which the Group Scheme is exposed (the 'Technical Provisions' basis). The most recent funding valuation was carried out as at 30 April 2022, following which a deficit recovery plan was agreed with the Trustee Board on 21 July 2023. The Group has agreed to maintain the previous Schedule of Contributions. The contribution for the year ended 30 April 2025 under the plan was £21m. The recovery plan was completed in September 2025.

The Trustee Board and the Group have in place a secondary Long-Term Funding Target (the 'LTFT'), in addition to the statutory funding requirement, the purpose of which is to achieve material additional security for the Group Scheme's members. The objective of the LTFT is for the Group Scheme to be funded by 30 April 2035 to a level that does not expect to rely on future contributions from the Group. The LTFT comprises actuarial assumptions to assess whether any additional contributions above the deficit recovery contributions are required, and an investment strategy approach to be followed for de-risking the scheme's assets. In recent valuations, the secondary funding assessment has concluded that the deficit recovery plan contributions are sufficient and no additional contributions from the Group under the LTFT are required.

To manage risk, the Group Scheme's investment strategy is designed to closely align movements in the Group Scheme's assets to those of its liabilities, whilst maintaining an appropriate level of expected return. To help the Trustee Board to monitor, review and assess investment matters, the Investment and Funding Committee (the 'IFC'), which consists of representatives from the Trustee Board and the Group, meets on a quarterly basis throughout the year.

The Group Scheme exposes the Group to risks, such as longevity risk, currency risk, inflation risk, interest rate risk and investment risk. As the Group Scheme's obligation is to provide lifetime pension benefits to members upon retirement, increases in life expectancy will result in an increase in the Group Scheme's liabilities. Other assumptions used to value the defined benefit obligation are also uncertain.

The Group Scheme deficit recovery plan agreed with the Trustee Board is considered a minimum funding requirement as described in IFRIC 14 *IAS 19 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The Group has an unconditional right to a return of any surplus in a run-off scenario and has therefore recognised the IAS 19 accounting surplus on the Group's balance sheet at 30 April 2025.

The assets in the Group Scheme (apart from the cash held) are nearly all Level 2 instruments under the fair value hierarchy. All Level 2 assets are held in daily traded pooled funds for which daily bid prices are available, and the valuation process for these assets involves minimal judgement and is agreed by reference to independent third parties. The Group Scheme does not hold any investment in DS Smith securities.

In June 2023, the High Court in Virgin Media Limited v NTL Pension Trustees II Limited (and others) ruled that certain historical amendments to contracted-out defined benefit schemes in the period from 6 April 1997 to 5 April 2016 were invalid if they lacked confirmation under section 37 of the Pension Schemes Act 1993 from the scheme's actuary. This decision was upheld on appeal in July 2024. The Trustee Board have no reason to doubt their historic procedures for executing rule amendments, and based on legal advice obtained and informed by a leading pension specialist King's Counsel opinion, have not yet instructed their advisers to carry out an audit of every deed or other amending instrument during the period. On 23 May 2025, the Department for Work and Pensions announced it will introduce legislation to allow defined benefit pensions schemes to obtain retrospective sign-off on historic actuarial amendments.

The largest defined contribution arrangement operated by the Group is in the UK. The UK defined contribution scheme is a trust-based arrangement offering members a range of investments. All assets are held independently from the Group. The Group also operates a small unfunded arrangement in the UK.

23. Employee benefits continued

Overseas schemes

The countries where the Group operates the most significant defined benefit post-retirement arrangements are:

- France – various mandatory retirement indemnities, post-retirement medical plans and jubilee arrangements (benefits paid to employees after completion of a certain number of years of service), the majority of which are determined by the applicable collective bargaining agreement;
- Belgium – liabilities with respect to non-contributory defined benefit and cash balance retirement plans, as well as unfunded jubilee arrangements. The defined benefit plan is closed to new employees, although active members continue to accrue benefits;
- Switzerland – a contributory defined benefit pension scheme providing pensions and lump sum benefits to members and dependants;
- Italy – mandatory end-of-service lump sum benefits in respect of pre-2007 service;
- Portugal – defined benefit pensions plan with a fund that guarantees a payment of a pension supplement to all retired employees and pensioners who were receiving pension benefit from the fund on 13 July 2007; and
- Germany – jubilee arrangements and non-contributory defined benefit pension schemes.

In general, local trustees or similar bodies manage the post-retirement and medical plans in accordance with local regulations.

Overseas schemes expose the Group to risks such as longevity risk, currency risk, inflation risk, interest rate risk, investment risk, life expectancy risk and healthcare cost risk. Actions taken by the local regulator, or changes to legislation, could result in stronger local funding requirements for pension schemes, which could affect the Group's future cash flow.

Movements in the liability for employee benefit plans' obligations recognised in the consolidated statement of financial position

	2025 £m	2024 £m
Schemes' liabilities at beginning of the year	**(852)**	(903)
Interest cost	**(41)**	(41)
Service cost recognised in the consolidated income statement	**(5)**	(5)
Member contributions	**–**	–
Pension payments	**47**	53
Unfunded benefits paid	**8**	8
Actuarial gains – financial assumptions	**33**	16
Actuarial gains/(losses) – experience	**–**	13
Actuarial gains – demographic	**–**	3
Currency translation	**–**	4
Reclassification	**7**	–
Schemes' liabilities at end of the year	**(803)**	(852)

23. Employee benefits continued

Movements in the fair value of employee benefit plans' assets recognised in the consolidated statement of financial position.

	2025 £m	2024 £m
Schemes' assets at beginning of the year	**820**	848
Employer contributions	**21**	21
Member contributions	**–**	–
Interest income	**43**	40
Actuarial losses	**(36)**	(34)
Pension payments	**(47)**	(53)
Currency translation	**–**	(2)
Schemes' assets at end of the year	**801**	820

Durations and expected payment profile

The following table provides information on the distribution of the timing of expected benefit payments for the Group Scheme:

At 30 April 2025	Within 5 years £m	6 to 10 years £m	11 to 20 years £m	21 to 30 years £m	31 to 40 years £m	41 to 50 years £m	Over 50 years £m
Projected benefit payments	**212**	**240**	**446**	**319**	**171**	**49**	**7**

The weighted average duration for the Group Scheme is 11 years.

The Group made agreed contributions of £21m to fund the Group Scheme in 2024/25 (2023/24: £21m). The Group's current best estimate of contributions expected to be made to the Group Scheme in the year ending 30 April 2026 will be approximately £9m. A charge over four UK Packaging properties has been made as security for the unfunded arrangement in the UK, the liability for which totals £5m.

Significant actuarial assumptions

Principal actuarial assumptions for the Group Scheme are as follows:

	2025	2024
Discount rate for scheme liabilities	**5.6%**	5.4%
Inflation	**3.0%**	3.3%
Pre-retirement pension increases	**2.6%**	2.9%
Future pension increases for pre-30 April 2005 service	**2.6%**	2.9%
Future pension increases for post-30 April 2005 service	**2.0%**	2.1%

For overseas arrangements, the weighted average actuarial assumptions are at an average discount rate of 3.1% (30 April 2024: 1.8%) and an inflation rate of 2.1% (30 April 2024: 2.0%).

23. Employee benefits continued

Significant actuarial assumptions continued

During 2021, the UK Statistics Authority's publication on the future of the RPI assumption base had the effect of lowering the RPI assumption by 1% per annum in the short term and the post-2030 assumption is that the RPI/CPI gap falls to zero. Assumptions regarding future mortality experience are set based on actuarial advice and in accordance with the relevant standard mortality tables in each country. For the Group Scheme at 30 April, the mortality base table used is SAPS 3 (year of birth), with CMI 2023 projections with a 1.25% per annum long-term rate of improvement used for future longevity improvement. As part of the Group Scheme actuarial valuation exercise the projected life expectancies were as follows:

	2025		2024	
	Male	**Female**	Male	Female
Life expectancy at age 65				
Member currently aged 65	**20.7**	**23.2**	20.7	23.1
Member currently aged 45	**21.8**	**24.5**	21.7	24.4

Sensitivity analysis

The sensitivity of the liabilities in the Group Scheme to each significant actuarial assumption is summarised in the following table, showing the impact on the defined benefit obligation if each assumption is altered by the amount specified in isolation, whilst assuming that all other variables remain the same. In practice, this approach is not necessarily realistic since some assumptions are related. This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability, the measurement of which depends on several factors including the fair value of plan assets.

	Increase in pension liability £m
0.5% decrease in discount rate	**(38)**
0.5% increase in inflation	**(25)**
0.5% pre-retirement pension increases	**(6)**
0.5% CPI 5% on pre-30 April 2005 service	**(20)**
0.5% CPI 2.5% on post-30 April 2005 service	**(3)**
1 year increase in life expectancy	**(23)**

Expense recognised in the consolidated income statement

	Total	
	2025 £m	2024 £m
Post-retirement benefits current service cost	**(5)**	(5)
Total service cost	**(5)**	(5)
Net interest income/(cost) on net pension liability	**1**	(1)
Pension Protection Fund levy	**–**	–
Employment benefit net finance income/(expense)	**1**	(1)
Total expense recognised in the consolidated income statement	**(4)**	(6)

Items recognised in other comprehensive income

Remeasurement of defined benefit obligation	**33**	32
Return on plan assets excluding amounts included in employment benefit net finance expense	**(36)**	(34)
Total losses recognised in other comprehensive income	**(3)**	(2)

24. Share-based payment expense

The Group had a number of share-based payment arrangements in place as set out below. The performance and vesting conditions of the arrangements were changed as a result of the combination of the Group with International Paper Company on 31 January 2025. Details of these effects are set out in (iv) below.

(i) A Performance Share Plan (PSP). Awards under the PSP normally become exercisable after three years subject to remaining in service and the satisfaction of performance conditions measured over the three financial years commencing with the year of grant. Awards have been made under the PSP annually since 2008, originally based on the following performance measures, in the proportions shown below:

i. the Group's total shareholder return (TSR) compared to the constituents of the Industrial Goods and Services Supersector within the FTSE 250;

ii. average earnings per share (EPS); and

iii. average return on average capital employed (ROACE).

Awards made in 2016 are subject to three performance measures:

i. 33.3% of each award based on a TSR component;

ii. 33.3% of each award based on average EPS; and

iii. 33.3% of each award based on average ROACE.

Awards made from 2017 to 2019 are subject to either two performance measures or three performance measures:

(a) Two performance measures:

i. 50% of each award based on average EPS; and

ii. 50% of each award based on average ROACE.

(b) Three performance measures:

i. 33.3% of each award based on a TSR component;

ii. 33.3% of each award based on average EPS; and

iii. 33.3% of each award based on average ROACE.

Awards made from 2020 are subject to either two performance measures or to three performance measures:

(a) Two performance measures:

i. 50% of each award based on EPS; and

ii. 50% of each award based on ROACE.

(b) Three performance measures:

i. 33.3% of each award based on a TSR component;

ii. 33.3% of each award based on EPS; and

iii. 33.3% of each award based on ROACE.

Some awards granted in 2016, 2017 and 2020 have vested but have not yet been fully exercised. The maximum term of the options granted under the above scheme is the 10 year anniversary of the grant date.

(ii) A Deferred Share Bonus Plan (DSBP) is operated for Executive Directors and, from 2012/13, for senior executives. Shares awarded under the DSBP will vest automatically if the Director or senior executive is still employed by the Group three years after the grant of the award. The maximum term of the options granted under the above scheme is the 10 year anniversary of the grant date.

(iii) An International Paper Sharesave Plan was introduced in January 2014 with further invitations being made in subsequent years. All employees of the Group and participating subsidiaries were eligible to participate in this Plan or an HMRC approved UK Sharesave Plan. Options are granted to participants who have contracted to save up to a maximum of £250 (or local currency equivalent) across all open invitations per month over a period of three years, at a discount of up to 20% to the average closing mid-market price of a DS Smith Limited ordinary share on the three dealing days prior to invitation. Options cannot normally be exercised until a minimum of three years has elapsed. In common with most plans of this type there are no performance conditions applicable to options granted under this Plan. The provisions of this Plan are subject to minor country specific variances. In France, the option price is discounted by up to 20% of the 20-day average up to the day before grant date. A standard US Stock Purchase Plan was introduced in January 2014 with further invitations in subsequent years. US employees of the Group are eligible to participate in this Plan. Options are granted to participants who have contracted to save up to the local currency equivalent of £250 per month over a period of two years at a discount of up to 15% to the higher of the mid-market average price on the day before invitation and the

24. Share-based payment expense continued

(iii) continued

mid-market average on the day before grant of a DS Smith Limited ordinary share. Options cannot normally be exercised until a minimum of two years has elapsed.

Options cannot normally be exercised until a minimum of two years has elapsed. The maximum term of the options granted under the above schemes is six months after the completion of the three-year vesting period.

(iv) The performance and vesting conditions were amended as a result of the combination of the Group with International Paper Company as follows:

- The 2022 and 2023 PSP grants vested in full with no time pro-rating at a 66% level across all performance measures
- The 2024 PSP grants vested on a time prorated basis, again at a 76% level across all performance measures
- All outstanding DSBP grants vested in full with no time pro-rating
- The Sharesave Plans closed with vesting based on the amount of savings accrued with a limited option to continue saving for 6 months.

In respect of the Sharesave Plans, compensation payments were made to certain participants equivalent to the lost tax benefits, and in some territories, future accretion of value in excess of the grant prices. A charge of £24 million has been recognised in respect of these arrangements.

International Paper Company have share incentive arrangements to which certain DS Smith employees have been invited to participated. The costs of these arrangements are re-billed to DS Smith Limited. A charge of £1.6 million has been recorded in respect of these arrangements.

Options outstanding and exercisable under share arrangements at 30 April 2025 were:

	Options outstanding				Options exercisable	
	Number of shares	Option price range (p)	Weighted average remaining contract life (years)	Weighted average exercise price (p)	Number exercisable	Weighted average exercise price (p)
Performance Share Plan	-	Nil	-	Nil	-	Nil
Deferred Share Bonus Plan	-	Nil	-	Nil	-	Nil
Sharesave Plan	278,656	235.0-412.0	-	277.5	137,449	311.9

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Performance Share Plan		Deferred Share Bonus Plan		Sharesave Plan	
2025	Weighted average exercise price (p)	Options ('000s)	Weighted average exercise price (p)	Options ('000s)	Weighted average exercise price (p)	Options ('000s)
At 1 May 2024	Nil	10,886	Nil	2,726	267.7	9,271
Granted	Nil	2,991	Nil	133	-	-
Exercised	Nil	(5,776)	Nil	(2,797)	291.5	(4,333)
Lapsed	Nil	(8,101)	Nil	(62)	245.0	(4,659)
At 30 April 2025	**Nil**	**-**	**Nil**	**-**	**277.5**	**279**
Exercisable at 30 April 2025	**Nil**	**-**	**Nil**	**-**	**311.9**	**137**

	Performance Share Plan		Deferred Share Bonus Plan		Sharesave Plan	
2024	Weighted average exercise price (p)	Options ('000s)	Weighted average exercise price (p)	Options ('000s)	Weighted average exercise price (p)	Options ('000s)
At 1 May 2023	Nil	10,154	Nil	2,132	321.6	6,278
Granted	Nil	4,687	Nil	1,022	235.0	5,733
Exercised	Nil	(2,214)	Nil	(259)	324.9	(1,804)
Lapsed	Nil	(1,741)	Nil	(169)	318.2	(936)
At 30 April 2024	Nil	10,886	Nil	2,726	267.7	9,271
Exercisable at 30 April 2024	Nil	428	Nil	48	324.7	1,104

24. Share-based payment expense continued

(iv) continued

The fair value of the PSP award granted during the year, determined using the stochastic (Monte Carlo) valuation model, was £12m. The significant inputs into the model were: a share price of 415.2p for the PSP at the grant date; the exercise prices shown above; the scheme life disclosed above; and an expected dividend yield of 4.34%. The volatility of share price returns is calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant. The total charge for the year relating to share-based payments recognised as personnel expenses was £14m (2023/24: £2m credit).

25. Cash generated from operations

Continuing operations	2025 £m	2024 re-presented[1] £m
(Loss)/profit for the year	**(139)**	368
Adjustments for:		
Amortisation of intangible assets	**69**	67
Depreciation	**308**	290
Loss/(profit) on sale of non-current assets	**3**	(9)
Employment benefit net finance (income)/expense	**(1)**	1
Share-based payments	**14**	(2)
Finance income	**(8)**	(14)
Finance costs	**143**	114
Other non-cash items	**(33)**	(25)
Income tax expense	**29**	137
Change in provisions	**27**	6
Change in employee benefits	**(25)**	(24)
Cash generation before working capital movement	**387**	909
Changes in:		
Inventories	**(53)**	17
Trade and other receivables	**(74)**	87
Trade and other payables	**(108)**	(512)
Working capital movement	**(235)**	(408)
Cash generated from continuing operations	**152**	501

1 – comparatives have been re-presented for the classification of the North America Packaging and Paper segment as a discontinued operation.

26. Ultimate parent Company

The immediate parent undertaking is International Paper UK Holdings Limited, a Company incorporated in the UK.

The ultimate parent company is International Paper Company, Inc., a Company incorporated in the United States which heads the smallest and largest Group in which the results of the Group and Company will be consolidated. The registered office for International Paper Company, Inc. is 6400 Poplar Avenue, Memphis, Tennessee, 38197, United States.

Copies of the International Paper Company, Inc. financial statements can be obtained from www.internationalpaper.com.

27. Capital commitments and contingencies

At 30 April 2025, the Group had committed to incur capital expenditure of £168m (30 April 2024: £329m) relating primarily to the new paper machine in Lucca.

Except in relation to the matter disclosed in note 21, the Group is not subject to material litigation, but has a number of contingent liabilities that arise in the ordinary course of business on behalf of trading subsidiaries including, inter alia, intellectual property disputes and regulatory enquiries in areas such as health and safety, environmental, and anti-trust. No losses are anticipated to arise on these contingent liabilities.

28. Acquisitions and divestments

(a) 2024/25

On 5 December 2024, the Group completed the acquisition of Stora Enso De Hoop B.V., a Dutch energy facility, for £10m, net of cash and cash equivalents.

The North American Packaging and Paper segment has been classified as discontinued operations as disclosed in note 7.

The consolidated income statement has been re-presented to present the North American Packaging and Paper segment as a discontinued operation. The consolidated statement of financial position presents the discontinued assets and liabilities as 'assets held for sale' and 'liabilities held for sale' respectively. The consolidated statement of cash flows has also been re-presented, presenting a single amount of net cash flow from *discontinued operations*.

2023/24

In March 2024, the Group completed the acquisition of Bosis doo, a Serbia-based packaging company, for £17m, net of cash and cash equivalents.

In addition, the Group made a final cash payment of £95m relating to the acquisition of Interstate Resources and £1m for other acquisitions.

In April 2024, the Group sold its previously fully written-down Ukrainian associate, RKTK, for £10m. £5m was received by 30 April 2024 and a further £5m was received in July 2025. This resulted in a £10m gain on divestment in the year ended 30 April 2024.

29. Related parties

Identity of related parties

In the normal course of business, the Group undertakes a wide variety of transactions between its subsidiaries and equity accounted investments.

The key management personnel of the Group comprise Executive Directors. The compensation of key management personnel can be found in the single total figure remuneration table in the Remuneration Committee report. Certain key management personnel also participate in the Group's share-based incentive programme (note 24). Included within share-based payments is a charge of £3m (2023/24: £nil) relating to key management personnel.

Transactions with pension trustees are disclosed in note 23.

Other related party transactions

	2025 £m	2024 £m
Sales to equity accounted investees	**6**	14
Purchases from equity accounted investees	**31**	22
Amounts due from associates	**1**	–
Amounts due from fellow Group subsidiaries outside the DS Smith Group	**14**	–
Amounts due to fellow Group subsidiaries outside the DS Smith Group	**7**	–
Sales to fellow Group subsidiaries outside the DS Smith Group	**10**	–
Purchases from fellow Group subsidiaries outside the DS Smith Group	**15**	–

30. DS Smith Group companies

The Group's ultimate parent Company is International Paper Company, Inc., a Company incorporated in the United States.

Group companies are grouped by the countries in which they are incorporated or registered. Unless otherwise noted, the undertakings below are wholly-owned and consolidated by DS Smith Limited and the share capital held comprises ordinary or common shares which are held by Group subsidiaries.

Fully owned subsidiaries	Notes
Argentina	
Total Marketing Support Argentina SA	AR1
Australia	
Total Marketing Support Pacific Pty Ltd	*AU1*
Austria	
DS Smith Austria Holdings GmbH	AT1
DS Smith Packaging Austria Beteiligungsverwaltungs GmbH	AT1
DS Smith Packaging Austria GmbH	AT2
DS Smith Packaging South East GmbH	AT1
Belgium	
DS Smith Packaging Belgium	BE1
DS Smith Packaging Marketing	BE2
Bosnia & Herzegovina	
DS Smith Packaging BH d.o.o. Sarajevo	BA1
DS Smith Recycling Bosnia d.o.o.	BA2
Brazil	
Total Marketing Support Brazil Ltda	BR1
Bulgaria	
DS Smith Bulgaria S.A.	c, BG1
Canada	
TMS Canada 360 Inc.	CA1
Chile	
Total Marketing Support Chile SpA	CL1
China	
DS Smith Shanghai Trading Ltd	CN1
TMS Shanghai Trading Ltd	CN2
Colombia	
Total Marketing Support Colombia S A S	CO1
Croatia	
Bilokalnik-IPA d.d.	HR1
DS Smith Belišće Croatia d.o.o.	HR2
DS Smith Unijapapir Croatia d.o.o.	HR3
Czech Republic	
DS Smith Packaging Czech Republic s.r.o.	CZ1
Denmark	
DS Smith Packaging Denmark A/S	DK1
Ecuador	
Total Marketing Support Ecuador TM-EC C.L.	EC1
Egypt	
TMS Egypt LLC	EG1
Estonia	
DS Smith Packaging Estonia AS	EE1

	Notes
Finland	
DS Smith Packaging Baltic Holding Oy	FI1
DS Smith Packaging Finland Oy	FI1
DS Smith Packaging Pakkausjaloste Oy	*FI2*
Eastpac Oy	FI1
France	
DS Smith France	FR1
DS Smith Hêtre Blanc	FR2
DS Smith Packaging Ales	FR3
DS Smith Packaging Anjou	FR2
DS Smith Packaging Atlantique	FR2
DS Smith Packaging Bretagne	FR4
DS Smith Packaging CERA	FR5
DS Smith Packaging Consumer	FR2
DS Smith Packaging Contoire-Hamel	FR6
DS Smith Packaging Display and Services	FR2
DS Smith Packaging DPF	FR7
DS Smith Packaging Durtal	FR8
DS Smith Packaging Fegersheim	FR9
DS Smith Packaging France	FR2
DS Smith Packaging Kaypac	*FR10*
DS Smith Packaging Larousse	FR11
DS Smith Packaging Mehun-CIM	FR12
DS Smith Packaging Nord-Est	FR1
DS Smith Packaging Hauts-de-France	FR23
DS Smith Packaging Savoie	FR14
DS Smith Packaging Seine Normandie	FR15
DS Smith Packaging Sud-Est	FR16
DS Smith Packaging Sud-Ouest	FR13
DS Smith Packaging Systems	FR17
DS Smith Packaging Velin	FR18
DS Smith Packaging Vervins	FR2
DS Smith Paper Coullons	FR19
DS Smith Paper Kaysersberg	FR20
DS Smith Paper Rouen	FR15
DS Smith Recycling France	FR21
Rowlandson France	FR1
Tecnicarton France	*FR22*
Germany	
Bretschneider Verpackungen GmbH	h, DE2
Delta Packaging Services GmbH	DE6
DS Smith Packaging Arenshausen Mivepa GmbH	DE3
DS Smith Packaging Arnstadt GmbH	DE1
DS Smith Packaging Beteiligungen GmbH	DE8
DS Smith Packaging Deutschland Stiftung	DE5
DS Smith Packaging Deutschland Stiftung & Co KG	DE8

	Notes
DS Smith Paper Deutschland GmbH	DE7
DS Smith Recycling Deutschland GmbH	DE4
DS Smith Stange B.V. & Co. KG	DE8
DS Smith Transport Services GmbH	DE7
Greece	
DS Smith Cretan Hellas S.A.	GR1
DS Smith Hellas S.A.	GR2
Guatemala	
TMS Global Guatemala, Sociedad Anonima	GT1
Honduras	
Total Marketing Support Honduras, S.A.	HN1
Hungary	
DS Smith Packaging Hungary Kft.	HU2
Merpas Hungary Kft.	HU1
India	
Total Marketing Support India Private Limited	IN1
Indonesia	
PT Total Marketing Support Indonesia	ID1
Ireland	
DS Smith Ireland Treasury Designated Activity Company	IR1
DS Smith Recycling Ireland Limited	IR2
Italy	
DS Smith Holding Italia SpA	IT3
DS Smith Packaging Italia S.p.A.	IT3
DS Smith Paper Italia S.r.l.	IT3
DS Smith Recycling Italia Srl	IT2
Toscana Ondulati SpA	IT1
Japan	
Total Marketing Support Japan Ltd.	JP1
Kazakhstan	
Total Marketing Support Kazakhstan LLP	KZ1
Latvia	
SIA DS Smith Packaging Latvia	LV1
Lithuania	
UAB DS Smith Packaging Lithuania	LT1
Luxembourg	
DS Smith (Luxembourg) S.à r.l.	LU1
DS Smith Perch Luxembourg S.à r.l.	LU1
DS Smith Re S.A.	LU1
Malaysia	
Total Marketing Support (360) Malaysia Sdn. Bhd.	MY1

30. DS Smith Group companies continued

Fully owned subsidiaries continued	Notes
Mexico	
Total Marketing Support 360 Mexico S.A de C.V	MX1
Morocco	
Tecnicartón Tánger S.a.r.l. AU	MA1
Netherlands	
David S. Smith (Netherlands) B.V.	NL2
DS Smith B.V.	PSQ
DS Smith Baars B.V.	DE8
Ds Smith De Hoop B.V.	NL6
DS Smith De Hoop Holding B.V.	NL2
DS Smith Finance B.V.	NL2
DS Smith Hellas Netherlands B.V.	NL2
DS Smith Italy B.V.	PSQ
DS Smith Packaging Almelo B.V.	NL1
DS Smith Packaging Barneveld B.V.	NL3
DS Smith Packaging Belita B.V.	NL2
DS Smith Packaging Holding B.V.	NL2
DS Smith Packaging International B.V.	NL2
DS Smith Packaging Netherlands B.V.	NL2
DS Smith Packaging Tilburg B.V.	NL5
DS Smith Recycling Benelux B.V.	NL2
DS Smith Recycling Holding B.V.	NL2
DS Smith Salm B.V.	NL2
DS Smith Toppositie B.V.	NL2
Nicaragua	
Total Marketing Support Nicaragua, Sociedad Anonima	NI1
Nigeria	
Total Marketing Support 360 Nigeria Limited	NG1
North Macedonia	
DS Smith AD Skopje	f, MK1
Pakistan	
TMS Pakistan (Private) Limited	PK1
Philippines	
Total Marketing Support Philippines, Inc.	PH1
Poland	
DS Smith Packaging sp. Z o.o.	PL1
DS Smith Polska sp. Z o.o.	PL1
Portugal	
DS Smith Displays P&I, S.A.	PT2
DS Smith Energia Viana, S.A.	PT6
DS Smith Packaging Portugal, S.A.	PT3
DS Smith Paper Viana, S.A.	PT6
DS Smith Portugal, SGPS, S.A.	PT6
DS Smith Recycling Portugal, S.A.	PT7
Iberian Forest Fund – Fundo de Investimento Imobiliario Fechado	PT8
Nova DS Smith Embalagem, S.A.	PT5
Tecnicartón Portugal Unipessoal Lda	PT1

	Notes
Romania	
DS Smith Packaging Ghimbav S.R.L.	d, RO1
DS Smith Packaging Romania S.R.L.	RO3
DS Smith Paper Zarnesti. S.R.L.	b, RO2
Serbia	
DS Smith Packaging Offset d.o.o. Valjevo	RS3
DS Smith Inos Papir Servis d.o.o.	RS1
DS Smith Packaging d.o.o. Kruševac	RS2
Papir Servis DP d.o.o. Kruševac	RS2
Slovakia	
DS Smith Turpak Obaly a.s.	e, SK1
Slovenia	
DS Smith Slovenija d.o.o.	SI1
South Africa	
TMS 360 SA (PTY) Ltd	ZA1
Spain	
Bertako SL	ES1
DS Smith Andorra, S.A.	ES3
DS Smith Business Services, S.L.	ES3
DS Smith Packaging Cartogal S.A.	ES9
DS Smith Packaging Dicesa S.A.	g, ES5
DS Smith Packaging Galicia S.A.	ES10
DS Smith Packaging Holding, S.L.U.	ES3
DS Smith Packaging Lucena, S.L.	ES7
DS Smith Packaging Madrid, S.L.	ES3
DS Smith Packaging Penedes S.A.U.	ES5
DS Smith Recycling Spain S.A.	ES2
DS Smith Spain, S.A.	ES4
Tecnicartón, S.L.	ES8
Sweden	
DS Smith Packaging Sweden AB	SE1
DS Smith Packaging Sweden Holding AB	SE1
Switzerland	
DS Smith Packaging Switzerland AG	CH1
Turkey	
DS Smith Ambalaj A.Ş.	TR1
Total Marketing Support Turkey Baskı Yönetimi Hizmetleri A.Ş.	TR2
Ukraine	
Total Marketing Support Ukraine	UA1
United Arab Emirates	
Total Marketing Support Middle East DMCC	AE1
UK	
Abbey Corrugated Limited	PSQ
Ashton Corrugated	PSQ
Ashton Corrugated (Southern) Limited	PSQ
Avonbank Paper Disposal Limited	PSQ
Biber Paper Converting Limited	PSQ
Calara Holding Limited	PSQ
Conew Limited	PSQ
Corrugated Products Limited	PSQ

	Notes
David S. Smith Nominees Limited	PSQ
D.W. Plastics (UK) Limited (00495461) [1]	PSQ
DS Smith (UK) Limited (00501594) [1]	PSQ
DS Smith America (UK) LLP (0C428961) [1]	PSQ
DS Smith Business Services Limited	PSQ
DS Smith Basalt Limited	PSQ
The DS Smith Charitable Foundation	PSQ
DS Smith Corrugated Packaging Limited	PSQ
DS Smith Display Holding Limited (00382678) [1]	PSQ
DS Smith Dormant Five Limited	PSQ
DS Smith Euro Finance Limited (05987239) [1]	PSQ
DS Smith Europe Limited	PSQ
DS Smith Finco Limited (06740135) [1]	a, PSQ
DS Smith Haddox Limited	PSQ
DS Smith Holdings Limited (06739623) [1]	a, PSQ
DS Smith International Limited (02636539) [1]	PSQ
DS Smith Italy Limited (04424098) [1]	PSQ
DS Smith Logistics Limited	PSQ
DS Smith Packaging Limited	PSQ
DS Smith Paper Limited	PSQ
DS Smith Pension Trustees Limited	PSQ
DS Smith Perch Limited (08150751) [1]	PSQ
DS Smith Recycling UK Limited	PSQ
DS Smith Roma Limited	PSQ
DS Smith Sudbrook Limited (00518152) [1]	PSQ
DS Smith Supplementary Life Cover Scheme Limited	PSQ
DS Smith Ukraine Limited (06352659) [1]	PSQ
DSS Eastern Europe Limited	PSQ
DSS Poznan Limited	PSQ
DSSH No. 1 Limited (02873032) [1]	PSQ
Grovehurst Energy Limited (02197516) [1]	PSQ
JDS Holding	PSQ
Miljoint Limited	PSQ
Multigraphics Holdings Limited	PSQ
Multigraphics Limited	PSQ
Multigraphics Services Limited	PSQ
Priory Packaging Limited	PSQ
Reed & Smith Limited	PSQ
St. Regis International Limited (00328480) [1]	PSQ
St. Regis Kemsley Limited	PSQ
St. Regis Paper Company Limited	PSQ
The Less Packaging Company Limited (07023121) [1]	PSQ
TheBannerPeople.Com Limited	PSQ
TMS Global UK Limited	PSQ
Total Marketing Support Global Limited	PSQ
Total Marketing Support Limited	PSQ
Treforest Mill plc	PSQ
United Shopper Marketing Limited	PSQ
W. Rowlandson & Company Limited (00133121) [1]	PSQ
Waddington & Duval Limited	PSQ

30. DS Smith Group companies continued

Fully owned subsidiaries continued	Notes
USA	
Carolina Graphic Services LLC	US1
Cedarpak, LLC	US3
CEMT Holdings Group, LLC	US4
Corrugated Container Corporation	US13
Corrugated Container Corporation of Shenandoah Valley	US14
Corrugated Container Corporation of Tennessee	US15
Corrugated Supply, LLC	US4
Corrugated Supply, L.P.	US4
DS Smith Creative Solutions Inc.	US16
DS Smith Holdings, Inc.	US3
DS Smith Management Resources, Inc.	US3
DS Smith North America Recycling, LLC	US3
DS Smith North America Shared Services, LLC	US3
DS Smith Packaging-Holly Springs, LLC	US18
DS Smith Packaging-Lebanon, LLC	US17
DS Smith Packaging-Stream, LLC	US3
Evergreen Community Power LLC	US3
Interstate Container Columbia LLC	US6
Interstate Container New Castle LLC	US7
Interstate Container Reading LLC	US8
Interstate Corrpack LLC	US5
Interstate Holding, Inc.	US3
Interstate Mechanical Packaging LLC	US6
Interstate Paper LLC	US9
Interstate Realty Hialeah LLC	US3
Interstate Resources, Inc.	US3
Interstate Southern Packaging, LLC	US10
Newport Timber LLC	US9
Phoenix Technology Holdings USA, Inc.	US3
RB Lumber Company LLC	US9
RFC Container, LLC	US4
SouthCorr, L.L.C.	US11
St. George Timberland Holdings, Inc.	US3
TMS America LLC	US19
United Corrstack, LLC	US12
Uruguay	
Total Marketing Support Uruguay S.A.	UY1

Associate entities	Notes
Netherlands	
Stort Doonweg B.V.	i, NL4
Portugal	
Companhia Termica Do Serrado A.c.e.	l, PT4
Spain	
Cartonajes Cantabria, S.L.	k, ES6
Cartonajes Santander, S.L.	k, ES6
Euskocarton, S.L.	k, ES6
Industria Cartonera Asturiana, S.A.	k,ES11
USA	
Philcorr LLC	j, US2
PhilCorr Vineland LLC	j, US2

Ownership interest at 30 April 2025	
a	Directly held by DS Smith Limited
b	99.927% ownership interest
c	99.699% ownership interest
d	99.285% ownership interest
e	98.89% ownership interest
f	81.39% ownership interest
g	80% ownership interest
h	51% ownership interest
i	50% ownership interest
j	40% ownership interest
k	39.58% ownership interest
l	30% ownership interest

1. Companies where DS Smith Limited has issued guarantees over the liabilities of the companies as at 30 April 2025 and for which the companies are taking the exemption from the requirements of an audit for their individual financial statements as permitted by section 479A of the Companies Act.

30. DS Smith Group companies continued

Registered offices

PSQ Level 3, 1 Paddington Square, London, W2 1DL, United Kingdom
AR1 Avenida Eduardo Madero 1020, 5th floor, Office "B", The City of Buenos Aires, Argentina
AU1 Baker Mckenzie, Level 46, 100 Barangaroo Avenue, Sydney NSW 2000, Australia
AT1 Friedrichstraße 10, 1010, Wien, Austria
AT2 Heidestrasse 15, 2433 Margarethen am Moos, Austria
BE1 New Orleansstraat 100, 9000 Gent, Belgium
BE2 Leonardo da Vincilaan 2, 1831 Machelen, Belgium
BO1 Santa Cruz de la Sierra – Calle Dr. Mariano Zambrana No 700 UV: S/N MZNO: S/N Zona: Oeste, Bolivia
BA1 ul. Igmanska bb, Sarajevo, Vogošća, Bosnia and Herzegovina
BA2 Jovana Dučića br 25 A, Banja Luka, Bosnia and Herzegovina
BR1 Avenida Paulista no. 807, conjunto 810, Bela Vista, Cidade de Sao Paulo, Estado de Sao Paulo, CEP 01311-100, Brazil
BG1 Glavinitsa, 4400 Pazardzhik, Bulgaria
CA1 100 King Street West, Suite 6000, 1 First Canadian Place, Toronto ON, M5X 1E2, Canada
CL1 Edificia Britania, Calle Los Militares 5953, Oficina 901, Los Condes, Santiago De Chile, Chile
CN1 Room 308, No. 1, Building , 1588, Shenchang Road, , Minhang District, Shanghai, China
CN2 R919, 9/F, No. 1788 West Nan Jin Rd, Jing An District, Shanghai, 200040, China
CO1 Carrera 12 89 33 Piso 6, Bogotá D.C., Colombia
HR1 Dravska ulica 19, Koprivnica (Grad Koprivnica), Croatia
HR2 Vijenac Salamona Henricha Gutmanna 30, Belišće, Croatia
HR3 Lastovska ulica 5, Zagreb, Croatia
CZ1 Teplická 109, Martiněves, 405 02 Jílové , Czech Republic
DK1 Åstrupvej 30, 8500 Grenaa, Denmark
EC1 Bulgaria E7-70 (203), Diego de Almagro, Edificio Bulgaria PB, Quito, Ecuador
EG1 Nile City Towers, North Tower, 22nd Floor, Cornish El Nil, Cairo, 11624, Egypt
EE1 Pae 24, 11415 Tallinn, Estonia
FI1 PL 426, 33101 Tampere, Finland
FI2 Virranniementie 3, 70420 Kuopio, Finland
FR1 11 route Industrielle, F-68320, Kunheim, France
FR2 1 Terrasse Bellini, 92800, Puteaux, France
FR3 345 Impasse de Saint-Alban Avenue de Croupillac, 30100 Ales, France
FR4 ZAC de Kevoasdoue, 29270, Carhaix, France
FR5 6-8 Boulevard Monge, 69330, Meyzieu, Lyon, France
FR6 570 Rue Nationale Contoire Hamel, 80500 Trois- Rivieres, France
FR7 350 Zone Artisanale des Trois Fontaines, 38140 Rives, France
FR8 550, Route de Bazouges, 49430 Durtal, France
FR9 146 Route de Lyon, 67640, Fegersheim, France
FR10 Zone Industrielle, Voiveselles Croisette, 88800, B.P. 37, Vittel, France
FR11 5 rue de la Deviniere, 45510 Tigy, France
FR12 Route de Marmagne, 18500, Mehun sur Yevre, France
FR13 Zone Industrielle de Châteaubernard, 16100, Cognac, France
FR14 Avenue Robert Franck, 73110, La Rochette, France
FR15 Rue Desire Granet, 76800 St. Etienne du Rouvray, France
FR16 Zone Industrielle du Pré de la Barre, 38440, St-Jean de Bournay, France
FR17 12 rue Gay Lussac ZI Dijon Chenove, 21300, Chenove, France
FR18 Zone Industrielle de la Plaine, 88510 Eloyes, France
FR19 520 route de la Barbe Grise, 45720 Coullins, France
FR20 77 Route de Lapoutroie, 68240, Kaysersberg, France
FR21 2 Rue Paul Cezanne, 93360, Neuilly Plaisance, France
FR22 27 Rue du Tennis, 25110, Baume les Dames, France
FR23 10 Rue Auguste Bonamy, 60130 Saint-Just-en-Chaussee, France
DE1 Bierweg 11, 99310 Arnstadt, Germany
DE2 Bretschneiderstr. 5, D-08309 Eibenstock, Germany
DE3 Miwepa 80, 37318 Arenshausen, Germany
DE4 Kufsteiner Strasse 27, 83064 Raubling, Germany
DE5 Rollnerstrasse 14, D-90408 Nürnberg, Germany
DE6 Siemensstrasse 8, 50259 Pulheim, Germany
DE7 Weichertstrasse 7, D-63741 Aschaffenburg, Germany
DE8 Zum Fliegerhorst 1312 – 1318, 63526 Erlensee, Germany
GR1 PO Box 90, GR-72200 Ierapetra, Kriti, Greece
GR2 PO Box 1010, 57022 Sindos Industrial Area, Thessaloniki, Greece
GT1 17 Avenida 19-70 Zona 10, Torino Building 1 Level 6 Office 609, Guatamala
HN1 Avenida La Paz, No. 2702, Tegucigalpa, M.D.C., PO Box 2735, Honduras
HU1 Váci út 1-3., "A" Tower, 6th floor, 1062 Budapest, Hungary
HU2 Záhony u. 7, HU-1031 Budapest, Hungary
IN2 G-56 Green Park (main), New Delhi – 110016, India
ID1 Tempo Scan Tower Lantai 32, Jalan H.r. Rasuna Said Kav 3-4, Kel. Kuningan Timur, Kec.Setiabudi, Kota Adm. Jakarta Selatan, Prov. DKI Jakarta, Indonesia
IR1 10 Ely Place, Dublin 2, D02 HR98, Ireland
IR2 3 Dublin Landings, North Wall Quay, Dublin 1, DO1 C4E, Ireland
IT1 Capannori (Lu) Via del Fanuccio, 126 Cap, 55014 Frazione Marlia, Italy
IT2 Strada Lanzo 237, cap 10148, Torino (TO), Italy
IT3 Via Torri Bianche, n. 24, 20871 Vimercate (MB), Italy
JP1 Nihonbashi 3 Chome Square 11F, 3-9-1 Nihonbashi, Chuo-ku, Tokyo, Japan
KZ1 Abay Ave. 52, 8 floor, 802-6 office "Innova Tower" BC, 050008, Almaty, Kazakhstan
LV1 Hospitāļu iela 23-102, Rīga LV-1013, Latvia
LT1 Savanoriu ave. 183, 02300 Vilnius, Lithuania
LU1 8-10 Avenue de la Gare, L-1610 Luxembourg
MY1 Unit C-12-4, Level 12, Block C, Megan Avenue II, No. 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Wilayah Persekutuan, Malaysia
MX1 Calle Rio Mississippi 49, Piso 10, Oficina 1002-08, Colonia Cuauhtémoc, Alcaldía Cuauhtémoc, Ciudad de Mexico, Codigo Postal 06500, Mexico
MA1 Tanger, Zone Franche d'Exportation, Ilot 11, Lot 5, Morocco
NL1 Bedrijvenpark Twente 90, NL-7602 KD Almelo, Netherlands
NL2 Coldenhovenseweg 130, 6961 EH, Eerbeek, Netherlands
NL3 Hermesweg 2, 3771 ND, Barneveld, Netherlands
NL4 Kanaalweg 8 A, 6961 LW, Eerbeek, Netherlands
NL5 Wegastraat 2, 5015 BS, Tilburg, Netherlands
NL6 Harderwijkerweg 41, 6961GH Eerbeek, Netherlands
NI1 Avenida Jean Paul Genie, Edificio Escala IV Piso, Managua, Nicaragua
NG1 3, Ijora – Causeway, Ijora, Lagos, Nigeria
MK1 Str. 1632 no. 1, Skopje 1000, North Macedonia
PK1 668, Main Double Road, E-11/3, NPF Islamabad islamabad , Islamabad Capital Territory (I.C.T.), Pakistan
PH1 24/F Philam Life Tower, 8767 Paseo de Roxas Avenue, Bel-Air, City of Makati, Fourth District, NCR, 1226, Philippines
PL1 Komitetu Obrony Robotników 45D, 02-146 Warsaw, Poland

30. DS Smith Group companies continued

Registered offices continued

PT1 Águeda (Aveiro), Raso de Paredes 3754-209, Portugal
PT2 Edifício Opção Actual, Parque Industrial de Oliveirinha, 3430-414 Carregal do Sal, Portugal
PT3 Rua Mestra Cecília do Simão, n.º 378 , 3885-593 Gondesende-Esmoriz, Portugal
PT4 Lugar do Espido, Via Norte, Distrito: Porto Concelho: Maia Freguesia: Cidade da Maia, 4470 177 MAIA, Portugal
PT5 Rua do Monte Grande, n. o3,, 4485-255 Guilhabreu, Portugal
PT6 Estrada 23 de Fevereiro, 372, 4905-261, Deocriste, Portugal
PT7 Rua Pedro Jose Ferreira, 329/335, 4420-612, Gondomar, Portugal
PT8 Rua Doutor António Cândido, n.º 10, 4º andar, 1050-076 Lisboa, Portugal
RO1 Oraş Ghimbav, Strada FĂGĂRAŞULUI, Nr. 6, Brasov County, Romania
RO2 No. 18, 13 Decembrie Street, Zarnesti, Brasov County, Romania
RO3 Calea Torontalului, DN6 kM. 7, Timisoara, Romania
RS1 Milorada Jovanovića 14, Beograd, Serbia
RS2 Balkanska 72, 37000 Kruševac, Serbia
RS3 Popučke bb, Valjevo, Serbia
SK1 Robotnícka 1, Martin, 036 80, Slovakia
SI1 Cesta prvih borcev 51, 8280 Brestanica, Slovenia
ZA1 Central Office Park No 4, 257 Jean Avenue, Centurion, Gauteng, 0157, South Africa
ES1 Polígono Industrial Areta nº 1, parcela 348, calle Altzutzate, nº 46, 31620 Huarte, Navarra, Spain
ES2 Avenida el Norte de Castilla, 20, 47008 Valladolid (Valladolid), Spain
ES3 Avd. Del Sol 13, Torrejón de Ardoz, 28850 – Madrid, Spain
ES4 Carretera A-62, Burgos a Portugal, 34210, Duenas (Palencia), Spain
ES5 Carretera B.P. 2151 confluencia carretera C15, Sant Pere de Riudevitlles, 08776, Barcelona, Spain
ES6 Poligono Industrial Heras, 239-242, 39792, Medio Cudeyo, Spain
ES7 Carretera Nacional 331 (Carretera de Malaga), Km.66,28, 14900, Lucena (Cordoba), Spain
ES8 Parque Industrial Juan Carlos I, C/ Canal Crespo, 13 Almussafes 46440 (Valencia), Spain
ES9 Polígono Industrial A Tomada, parcela 28-33, A Pobra do Caramiñal , 15949 A Coruña, Spain
ES10 Polígono Industrial O Pousadoiro 4, Parcela 1, 36617 Vilagarcía de Arousa, Pontevedra (Galicia), Spain
ES11 Poligono Industrial San Claudio, 33191, Oviedo, Spain
SE1 Box 504, 331 25 Varnamo, Sweden
CH1 Industriestrasse 13, 4665 Oftringen, Switzerland
TR1 Araptepe Selimpaşa Mah. 5007. Sk. No. 4 Silivri, Istanbul, Turkey
TR2 Goztepe Merdivenkoy Mah. Bora Sk. No.1 Nida Kule Is Merkezi, Kat 7, Kadikoy, Istanbul, 34732, Turkey
UA1 4-5 Floors, 25B,Sagaydachnogo str., Kiev, 04070, Ukraine
AE1 Unit No: I5-PF-39, Detached Retail I5, Plot No: JLT-PH1-RET-I5, Jumeirah Lakes Towers, Dubai, United Arab Emirates
US1 4328 Federal Drive, STE 105, Greensboro, NC 27410, United States
US2 2317 Almond Road, Vineland, NJ 08360, United States
US3 600 Peachtree Street , Suite 4200, Atlanta GA 30308, United States
US4 2066 South East Avenue, Vineland, NJ 08360, United States
US5 903 Woods Road, Cambridge, MD 21613, United States
US6 128 Crews Drive, Columbia, SC 29210, United States
US7 792 Commerce Avenue, New Castle, PA 16101, United States
US8 100 Grace Street, Reading, PA 19611, United States
US9 2366 Interstate Paper Road, Riceboro, GA 31323, United States
US10 120 T Elmer Cox Road Greeneville, TN 37743, United States
US11 3021 Taylor Drive, Asheboro, NC 27203, United States
US12 720 Laurel Street, Reading PA 19602, United States
US13 6405 Commonwealth Drive SW, Roanoke, Virginia, 24018, United States
US14 100 Development Ln., Winchester VA 22602, United States
US15 128 Corrugated Ln, Piney Flats TN 37686, United States
US16 70 Outwater Ln., Floor 4, Garfield, NJ 07026, United States
US17 800 Edwards Drive, Lebanon IN 46052, United States
US18 301 Thomas Mill Road, Holly Springs NC 27540, United States
US19 2 Mid America Plaza, Suite 110, Oakbrook Terrace IL 60181, United States
UY1 Plaza Independencia 811 PB, Montevideo, Uruguay

[1] Companies where DS Smith Limited has issued guarantees over the liabilities of the companies as at 30 April 2025 and for which the companies are taking the exemption from the requirements of an audit for their individual financial statements as permitted by section 479A of the Companies Act.

31. Post balance sheet events

On 23 May 2025, International Paper Company announced that following a strategic review, it proposes to close five packaging sites in the UK to improve efficiencies and respond to the evolving needs of customers in challenging trading conditions. The proposals also include the relocation of one site, the move from 24/7 to 24/5 operations at one site and a small headcount reduction at two further packaging sites. The proposal is expected to be implemented by 31 December 2025 and approximately 300 roles may be affected. A consultation with employees and unions is ongoing. On 29 July 2025, the Group completed the sale of its North American Paper and Packaging division to its ultimate parent company, International Paper Company, Inc. This resulted in sale proceeds of £1.59 billion, settled by an increase in intra-group receivables, and a profit on disposal of £302 million. On 1 September 2025, the Group announced plans to close its paper mill in Belišće, Croatia, and expects this to result in a fixed asset impairment of £44 million. On 30th October 2025, a subsidiary of DS Smith Limited declared and paid a dividend up through the chain to DS Smith Limited. DS Smith Limited subsequently declared a dividend of £974 million left outstanding to its immediate parent company, International Paper UK Holdings Limited, satisfied by assigning and transferring an equivalent value of intra-Group receivables.

Parent Company statement of financial position

At 30 April 2025

	Note	2025 £m	2024 re-presented[1] £m
Assets			
Non-current assets			
Intangible assets	3	**38**	48
Property, plant and equipment and right-of-use assets	4	**21**	25
Investments in subsidiaries	5	**5,016**	4,920
Deferred tax assets	10	**26**	28
Other receivables	6	**6,838**	6,397
Derivative financial instruments	12	**20**	72
Employee benefits	13	**23**	14
Total non-current assets		**11,982**	11,504
Current assets			
Trade and other receivables	6	**267**	341
Income tax receivable		**9**	–
Cash and cash equivalents	7	**1**	61
Derivative financial instruments	12	**75**	116
Total current assets		**352**	518
Total assets		**12,334**	12,022
Liabilities			
Non-current liabilities			
Borrowings	9	**(2,926)**	(2,033)
Other payables	8	**(11)**	(62)
Lease liabilities	11	**(12)**	(13)
Derivative financial instruments	12	**(20)**	(71)
Total non-current liabilities		**(2,969)**	(2,179)
Current liabilities			
Borrowings	9	**(168)**	(477)
Trade and other payables	8	**(4,945)**	(5,585)
Lease liabilities	11	**(3)**	(2)
Derivative financial instruments	12	**(75)**	(122)
Total current liabilities		**(5,191)**	(6,186)
Total liabilities		**(8,160)**	(8,365)
Net assets		**4,174**	3,657
Equity			
Issued capital	14	**–**	138
Share premium account	14	**2,270**	2,258
Reserves	14	**1,904**	1,261
Shareholders' equity		**4,174**	3,657

1 – Intercompany balances re-presented to reflect right of offset.

The Company made a profit for the year of £772m (2023/24: £262m).

Approved by the Board of Directors of DS Smith Limited (company registered number 1377658) on 15 December 2025 and signed on its behalf by:

T S Nicholls
Director

V P A M J Bonnot
Director

The accompanying notes are an integral part of these financial statements.

Parent Company statement of changes in equity

At 30 April 2025

	Share capital £m	Share premium £m	Hedging reserve £m	Own shares £m	Merger relief reserve (note 14) £m	Retained earnings £m	Total equity £m
At 1 May 2023	**138**	**2,251**	**104**	**(14)**	**32**	**1,237**	**3,748**
Profit for the year	–	–	–	–	–	262	262
Actuarial gain on employee benefits	–	–	–	–	–	1	1
Income tax on other comprehensive income	–	–	–	–	–	(2)	(2)
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**261**	**261**
Issue of share capital	–	7	–	–	–	–	7
Employee share trust	–	–	–	5	–	(9)	(4)
Share-based payments (net of tax)	–	–	–	–	–	(4)	(4)
Dividends paid	–	–	–	–	–	(247)	(247)
Reclassification	–	–	(104)	–	–	–	(104)
Other changes in equity in the year	**–**	**7**	**(104)**	**5**	**–**	**(260)**	**(352)**
At 30 April 2024	**138**	**2,258**	**–**	**(9)**	**32**	**1,238**	**3,657**
Profit for the year	–	–	–	–	–	772	772
Actuarial loss on employee benefits	–	–	–	–	–	(1)	(1)
Income tax on other comprehensive income	–	–	–	–	–	3	3
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**774**	**774**
Issue of share capital	1	12	–	–	–	–	13
Share capital reduction (note 14)	(139)	–	–	–	–	139	–
Employee share trust	–	–	–	9	–	(35)	(26)
Share-based payments (net of tax)	–	–	–	–	–	7	7
Dividends paid (see consolidated note 8)	–	–	–	–	–	(251)	(251)
Other changes in equity in the year	**(138)**	**12**	**–**	**9**	**–**	**(140)**	**(257)**
At 30 April 2025	**–**	**2,270**	**–**	**–**	**32**	**1,872**	**4,174**

1. Material accounting policies

(a) Basis of preparation

These financial statements of DS Smith Limited (the 'Company') have been prepared on the going concern basis and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and the UK Companies Act.

The accounts are prepared under the historical cost convention with the exception of certain financial instruments and employee benefit plans that are stated at their fair value and share-based payments that are stated at their grant date fair value.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement or statement of comprehensive income.

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

- statement of cash flows and related notes;
- a comparative period reconciliation for share capital;
- disclosures in respect of transactions with wholly-owned subsidiaries;
- comparative period reconciliations for tangible fixed assets and intangible assets;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and

disclosures in respect of key management personnel.

As the Group financial statements include the equivalent disclosures, the Company has also taken advantage of the exemptions under FRS 101 available in respect of the following disclosures:

- IAS 24 *Related Party Disclosure* in respect of transactions entered with wholly-owned subsidiaries;
- IFRS 2 *Share-based Payment* in respect of Group settled share-based payments;
- IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments; and*
- *IAS 12 Income Taxes* in respect of recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The following amended standards and interpretations were adopted by the Group during the year ending 30 April 2025. These amended standards and interpretations have not had a significant impact on the consolidated financial statements.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16; and
- Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7.

The accounting policies set out above have been applied consistently in all periods presented in these Company financial statements.
The accounting policies have been applied consistently by all Group entities.

(b) Foreign currencies

The Company's financial statements are presented in sterling, which is the Company's functional currency and presentation currency. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange at the date of the transaction and retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken to the income statement.

(c) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each item, which range between three and five years.

1. Material accounting policies continued

(d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Estimated useful lives of plant and equipment are between two and 30 years, and for leasehold improvements are over the period of the lease.

(e) Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of end of lease dismantling or restoration costs, less any incentives received and related provisions.

Lease liabilities are recorded at the present value of lease payments.

The interest rate implicit in the lease is used to discount lease payments, or, if that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are depreciated on a straight-line basis over the lease term, or the useful life if shorter.

Interest is recognised on the lease liability, resulting in a higher finance cost in the earlier years of the lease term.

Lease payments relating to low value assets or to short-term leases are recognised as an expense on a straight-line basis over the lease term. Short-term leases are those with 12 months or less duration.

When the Company enters into a back-to-back lease arrangement on behalf of a subsidiary, corresponding lease receivables are recognised.

(f) Investments in subsidiaries

Investments in subsidiaries are valued at cost less provisions for impairment.

Impairment testing is performed annually for investment in subsidiaries by comparing the carrying amount of each investment with the relevant subsidiary's consolidated balance sheet. Where the net assets are lower than the investment value, a discounted cash flow is utilised to calculate the present value of the investment to confirm whether any impairment is required.

(g) Deferred taxation

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1. Material accounting policies continued

(h) Employee benefits

(i) Defined benefit schemes

The Company is the sponsoring employer for a UK funded, defined benefit scheme, the DS Smith Group Pension scheme (the 'Group Scheme').

The Group has in place a stated policy for allocating the net defined benefit cost relating to the Group Scheme to participating Group entities.

Accordingly, both the Company's statement of financial position and income statement reflect the Company's share of the net defined benefit liability and net defined benefit cost in respect of the Group Scheme, allocated per the stated policy. Actuarial gains and losses are recognised immediately *in the statement of comprehensive income.*

(ii) Share-based payment transactions

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The fair value of the options granted is measured using a stochastic model, taking into account the terms and conditions upon which the options were granted. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each reporting date, the Company revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. Where applicable, the fair value of employee services received by subsidiary undertakings within the Group in exchange for options granted by the Company is recognised as an expense in the financial statements of the subsidiary by means of a recharge from the Company.

(i) Shares held by employee share trust

The cost of shares held in the employee share trust is deducted from equity. All differences between the purchase price of the shares held to satisfy options granted and the proceeds received for the shares, whether on exercise or lapse, are charged to retained earnings.

1. Material accounting policies continued

(j) Financial instruments

The Company uses derivative financial instruments, primarily currency and commodity swaps, to manage interest rate, currency and commodity risks associated with the Group's underlying business activities and the financing of these activities. The Group has a policy not to, and does not, undertake any speculative activity in these instruments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative financial instruments are accounted for as hedges when designated as hedges at the inception of the contract and when the financial instruments provide an effective hedge of the underlying risk. Any gains or losses arising from the hedging instruments are offset against the hedged items.

For the purpose of hedge accounting, hedges are classified as cash flow hedges due to hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Company's strategy for energy and carbon certificate costs is to hedge on a Group exposure basis by portfolio. On maturity of a hedged position, the resulting settlement is charged or credited in its entirety to subsidiaries based on their respective actual energy use. As a result, no benefits or costs are retained or absorbed by the Company. Derivative contracts with counterparties external to the Group are mirrored by agreements between the Company and its subsidiaries and recorded as derivatives in the financial statements.

(k) Financial guarantee contracts

Financial guarantee contracts are recorded at fair value on initial recognition and subsequently assessed for any changes in the risk of default which would result in an expense recorded in the income statement.

(l) Dividend income

Dividend income from subsidiary undertakings is recognised in the income statement when paid.

(m) Accounting judgements and key sources of estimation uncertainty

Tax

The Company is required to exercise judgement in estimating income tax provisions, along with the recognition of deferred tax assets/liabilities. While the Company aims to ensure that estimates recorded are accurate, the actual amounts could be different from those expected. See the uncertain tax position section of consolidated note 6 income tax expense for additional information.

Employee benefits

IAS 19 *Employee Benefits* requires the Company to make assumptions including, but not limited to, rates of inflation, discount rates and life expectancies. The use of different actuarial methodologies for calculating assumptions, in any of the above calculations, could have a material effect on the accounting values of the relevant statement of financial position assets and liabilities which could also result in a change to the cost of such *liabilities as recognised in profit or loss over time. These assumptions are subject to periodic review.* See note 23 of the Group's accounts for additional information.

2. Employee information

The average number of employees employed by the Company during the year was 462 (2023/24: 427).

	2025 £m	2024 £m
Wages and salaries	**49**	46
Social security costs	**6**	4
Pension costs	**4**	3
Total	**59**	53

Note 5 in the consolidated financial statements includes Director emoluments and Note 24 to the consolidated financial statements sets out the disclosure information required for the Company's share-based payments.

3. Intangible assets

	Software £m	*Other £m*	*Carbon credits £m*	*Under construction £m*	*Total £m*
Cost					
At 1 May 2024	86	9	17	20	132
Additions	–	–	26	10	36
Disposals	–	–	(37)	–	(37)
Reclassification	16	–	–	(15)	1
At 30 April 2025	**102**	**9**	**6**	**15**	**132**
Amortisation					
At 1 May 2024	(78)	(6)	–	–	(84)
Amortisation charge	(7)	(3)	–	–	(10)
At 30 April 2025	**(85)**	**(9)**	**–**	**–**	**(94)**
Carrying amount					
At 1 May 2024	8	3	17	20	48
At 30 April 2025	**17**	**–**	**6**	**15**	**38**

4. Property, plant and equipment and right-of-use assets

	Right-of-use assets £m	Leasehold improvements £m	Plant and equipment £m	Under construction £m	Total £m
Cost					
At 1 May 2024	15	10	2	3	30
Additions	–	–	–	1	1
Reclassification	–	–	1	(3)	(2)
At 30 April 2025	**15**	**10**	**3**	**1**	**29**
Depreciation					
At 1 May 2024	(3)	(1)	(1)	–	(5)
Depreciation charge	(2)	(1)	–	–	(3)
At 30 April 2025	**(5)**	**(2)**	**(1)**	**–**	**(8)**
Carrying amount					
At 1 May 2024	12	9	1	3	25
At 30 April 2025	**10**	**8**	**2**	**1**	**21**

Right-of-use assets relate to land and buildings.

5. Investments in subsidiaries

	Shares in Group undertakings £m
At 1 May 2024	4,920
Additions	96
At 30 April 2025	**5,016**

The Company's principal trading subsidiary undertakings at 30 April 2025 are shown in note 30 to the consolidated financial statements. Additions in the year ended 30 April 2025 are a result of intergroup restructuring transactions.

6. Trade and other receivables

	2025		2024	
	Non-current £m	Current £m	Non-current[1] £m	Current[1] £m
Amounts owed by subsidiary undertakings	**6,838**	**252**	6,397	326
Other receivables	**–**	**3**	–	1
Prepayments and accrued income	**–**	**12**	–	14
	6,838	**267**	6,397	341

1 – Intercompany balances re-presented to reflect right of and intention to offset, reducing non-current assets and current liabilities by £978m..

When measuring the potential impairment of receivables from subsidiary undertakings, forward-looking information based on assumptions for the future movement of different economic drivers is considered.

7. Cash and cash equivalents

	2025 £m	2024 £m
Bank balances	**1**	1
Short-term deposits	**–**	60
	1	61

8. Trade and other payables

	2025		2024	
	Non-current £m	Current £m	Non-current[1] £m	Current[1] £m
Trade payables	**–**	**13**	–	10
Amounts owed to subsidiary undertakings	**11**	**4,840**	62	5,443
Other tax and social security payables	**–**	**24**	–	14
Non-trade payables, accruals and deferred income	**–**	**68**	–	118
	11	**4,945**	62	5,585

1 – Intercompany balances re-presented to reflect right of and intention to offset, reducing non-current assets and current liabilities by £978m..

Amounts owed to subsidiaries are subject to interest at rates based on EURIBOR or, where applicable, forward-looking base rates and are repayable *between 2026 and 2029.*

9. Borrowings

	2025 Non-current £m	2025 Current £m	2024 Non-current £m	2024 Current £m
Bank loans and overdrafts	**770**	**125**	–	83
Medium-term notes and other fixed-term debt	**2,156**	**43**	2,033	394
	2,926	**168**	2,033	477

Disclosures in respect of the Group's borrowings are provided in note 18 to the consolidated financial statements.

10. Deferred tax assets and liabilities

Analysis of movements in recognised deferred tax assets and liabilities during the year

	Property, plant and equipment and intangible assets		Employee benefits including pensions		Tax losses		Other		Total	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
At beginning of the year	**10**	13	**1**	5	**17**	19	**–**	(28)	**28**	9
Charge for the year	**–**	(3)	**(3)**	(2)	**-**	(2)	**1**	(6)	**(2)**	(13)
Recognised directly in equity	**–**	–	**(4)**	(2)	**4**	–	**–**	34	**–**	32
At end of the year	**10**	10	**(6)**	1	**21**	17	**1**	–	**26**	28

The deferred tax asset in respect of tax losses at 30 April 2025 of £21m (30 April 2024: £17m) has been recognised based on the Company forecasting sufficient taxable profits over the foreseeable future against which these losses will be realised.

In addition to the tax losses above, the Company has tax losses at 30 April 2025 of £57m (30 April 2024: nil) for which no deferred tax assets have been recognised. These losses do not expire.

11. Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 £m	2024 £m
Cost		
At beginning of the year	**15**	14
Accretion of interest	**1**	1
Payments	**(1)**	–
At end of the year	**15**	15
Current	**3**	2
Non-current	**12**	13
	15	15

Maturity of lease liabilities

	1 year or less £m	1–2 years £m	2–5 years £m	More than 5 years £m	Total £m
At 30 April 2024	3	2	6	4	15
At 30 April 2025	**3**	**2**	**6**	**4**	**15**

12. Derivative financial instruments

The assets and liabilities of the Company at 30 April in respect of derivative financial instruments are as follows:

	Assets		Liabilities		Net	
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Derivatives held to:						
Manage the currency exposures on borrowings and net investments	**2**	–	**–**	–	**2**	–
Derivative financial instruments included in net debt	**2**	–	**–**	–	**2**	–
Derivatives held to hedge future transactions:						
Forward foreign exchange contracts	**–**	–	**–**	–	**–**	–
Energy and carbon certificate costs	**93**	188	**(95)**	(193)	**(2)**	(5)
Total derivative financial instruments	**95**	188	**(95)**	(193)	**–**	(5)
Current	**75**	116	**(75)**	(122)	**–**	(6)
Non-current	**20**	72	**(20)**	(71)	**–**	1
	95	188	**(95)**	(193)	**–**	(5)

Disclosures in respect of the Group's derivative financial instruments are provided in note 19 to the consolidated financial statements.

Movements on commodity swaps are recognised through income with equivalent offsetting movements on, as the case may be, derivative assets and liabilities.

13. Employee benefits

The Company participates *in the Group's UK pension schemes. The accounting valuation is consistent with the Group valuation, as described in note* 23 to the consolidated financial statements, where full disclosures relating to these schemes are given.

	2025 £m	2024 £m
Present value of funded obligations	**(669)**	(712)
Present value of unfunded obligations	**(5)**	(5)
Fair value of scheme assets	**740**	761
Total IAS 19 surplus, net	**66**	44
Allocated to other participating employers	**(43)**	(30)
Company's share of IAS 19 surplus, net	**23**	14

14. Share capital and reserves

Details of the Company's share capital and merger relief reserve are provided in note 22 to the consolidated financial statements.

Movements in shareholders' equity are shown in the parent Company statement of changes in equity.

A share capital reduction was undertaken in February 2025 to reduce share capital by £138,621,002 by cancelling and extinguishing 1,386,210,020 of the issued ordinary shares of £0.10 each in the Company, which was then credited to the Company's profit and loss account as a distributable reserve for the purposes of Part 23 of the Companies Act 2006 in accordance with the Companies (Reduction of Share Capital) Order 2008. At 30 April 2025, there were 1,954 ordinary shares of £0.10 each remaining in issue.

The closing merger relief reserve of £32m (30 April 2024: £32m) relates to the shares issued in consideration to the sellers of EcoPack/EcoPaper.

The reserve for the Company's *own shares comprises the cost of the Company's shares held by the Group. The Group operates a General Employee* Benefit Trust, which acquires shares in the Company that can be used to satisfy the requirements of the Performance Share Plan. At 30 April 2025, the General Employee Benefit Trust held 7,772 shares (30 April 2024: 2.8m shares). The market value of the shares at 30 April 2025 was £34,000 (30 April 2024: £9.7m). As a result of the all-share combination of the Group with International Paper Company on 31 January 2025, the Sharesave plans were closed with limited options to continue saving for 6 months resulting in a significant decrease in the shares held by the Group as at 30 April 2025.

As at 30 April 2025, the Company had distributable reserves of £1,872m (30 April 2024: £1,229m).

15. Guarantees and contingent liabilities

The Company has entered into financial guarantees to guarantee the indebtedness of other companies within the Group of £14m (30 April 2024: £8m). The probability of default is remote and there was no change in the assessment of the risk of default during the year.

The Company has also issued guarantees over the liabilities of a number of UK subsidiary companies as at 30 April 2025 and for which the companies are taking the exemption from the requirements of an audit for their individual financial statements as permitted by section 479A of the Companies Act. Refer to note 30 of the Group's consolidated financial statements for further details.

16. Related party disclosure

The Company has identified the Directors of the Company, its key management personnel, its ultimate parent, International Paper Company, and Group's UK pension schemes as related parties. Details of the relevant relationships with these related parties are disclosed in note 29 to the consolidated financial statements.

17. Auditor's remuneration

Auditor's remuneration in respect of the Company is detailed in note 3 to the consolidated financial statements.

18. Post balance sheet events

In May 2025, a restructuring of the Company's US dollar denominated indirectly held interests in North America was undertaken whereby such interests were transferred between subsidiary holding companies. This resulted in a £50m foreign exchange loss on disposal. No gain or loss was incurred at a Group level. On 30th October 2025, a subsidiary of DS Smith Limited declared and paid a dividend up through the chain to DS Smith Limited. DS Smith Limited subsequently declared a dividend of £974 million left outstanding to its immediate parent company, International Paper UK Holdings Limited, satisfied by assigning and transferring an equivalent value of intra-Group receivables.