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**DS SMITH RECYCLING UK LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2025**

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**DS SMITH RECYCLING UK LIMITED**

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**COMPANY INFORMATION**

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<b>Director</b>	L Hart
<b>Company secretary</b>	K B Oluyinka
<b>Registered number</b>	00214967
<b>Registered office</b>	Level 3 1 Paddington Square London United Kingdom W2 1DL
<b>Independent auditor</b>	Ernst & Young LLP The Paragon Counterslip Bristol United Kingdom BS1 6BX
<b>Bankers</b>	Citibank 33 Canada Square London E14 5LB
<b>Solicitors</b>	Slaughter & May One Bunhill Row London EC1Y 8YY

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**DS SMITH RECYCLING UK LIMITED**

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## DS SMITH RECYCLING UK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2025

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#### Introduction

The Director, in preparing this strategic report, has complied with s414C of the Companies Act 2006.

#### Business review

DS Smith Recycling UK Limited ('the Company') is a subsidiary of DS Smith Packaging Holding BV and operates as part of the legacy DS Smith Limited Group ('the Group'). 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 principal activities of the Company are the collecting, transporting, processing, sorting and selling of recyclable waste paper and other dry mixed recyclables.

The Company's revenue increased by 5.65% from the prior year to £160,042,000 (2023/24: £151,477,000). The Company reported a profit before income tax of £6,201,000 (2023/24: £17,674,000). Demand for recycled fibre within the Group was marginally up on 2023/24 at 4% while higher selling prices accounted for the increase in intercompany revenue of 16%.

The net assets of the Company, as shown in the statement of financial position on page 15, increased from £26,859,000 at 30 April 2024 to £34,597,000 at 30 April 2025 driven by profit of £7,735,000 in the year.

Intangible assets as shown in note 12, decreased in the year from £7,019,000 at 30 April 2024 to £63,000 at 30 April 2025, mainly driven by the transfer of software with a net book value of £6,244,000 to other group undertakings within the DS Smith Group.

During the year, long term leasehold property disposals with a cost of £3,863,000 and net book value of £nil took place following the closure of depots in the prior year, as shown in note 13. The provision relating to the obligations on the disposal of the long term leasehold property was fully utilised during the year, as shown in note 21.

#### Financial key performance indicators

The main driver of the business is the number of tonnes of fibre the business sources. The business continued to develop its service offering to its suppliers and customers to close the loop on the recycling of fibre and offer fibre offtake opportunities. In the year ended 30 April 2025 the business used 1.181k tonnes (2023/24: 1,198k tonnes) of fibre and revenue increased by 6% reflecting higher sales prices.

Return on sales, being operating profit expressed as a percentage of revenue, decreased from 11.8% in 2024 to 4.0% in 2025 reflecting the gain on depot closures in the prior year.

#### Combination with International Paper

On 31 January 2025, the Group combined with the US-listed International Paper Group to create a new global leader in sustainable packaging solutions. Under this combination, the combined EMEA business will be operated under the DS Smith brand, with the rest of the world – primarily North America – operating under the International Paper name.

#### Future Developments

The principal activities of the Company are the collecting, transporting, processing, sorting and selling of recyclable waste paper and other dry mixed recyclables. The directors expect that this will remain the case in the future and that the general level of activity for the Company will remain consistent with 2025.

Following the combination between DS Smith and International Paper, the Company remains focused on the integration of the businesses.

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## DS SMITH RECYCLING UK LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2025

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#### **Directors' statement of compliance with duty to promote the success of the Company (s172)**

The Board (comprising the Finance Director, aims to promote the success of the Company for the benefit of its shareholder and the wider Group 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 and Group's stakeholders the importance of maintaining our reputation for high standards of business conduct; and the impact of the Company's operations on the community and environment.

Our key stakeholders include our customers, our people, our investors, our suppliers, the communities in which we operate and non-governmental organisations. The Company is also a participating employer in a UK defined benefit pension scheme of which its ultimate parent, DS Smith Limited, is the sponsoring employer.

#### **Employees**

The Company employed 100 people at 30 April 2025. We are working to realise the potential of our people, which focuses on creating a safe, diverse and inclusive workforce, as a fundamental foundation for a successful company. Our people want to work for a Purpose-led organisation that resonates, and that they are proud to be a part of. They contribute to a supportive culture, in which they feel safe, recognised and rewarded. We are committed to ensuring that our workplace is safe, diverse and inclusive. By giving everyone 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 Smithies awards.

Our Company's health and safety goal is to achieve zero harm for all individuals impacted by our operations, including our employees, contractors and visitors. To realise this objective we continue to apply and work towards Vision Zero, a strategy emphasising leadership, engagement, safe work environments, processes and a shift towards developing a safety-oriented culture, behaviours and mindset. Collaborating closely with our leadership team, we have strived to ensure broad employee involvement in safety discussions and to systematically mitigate operational risks.

Promoting the welfare of our workforce, we introduced a global health and wellbeing week in the prior year, a biannual initiative designed to raise awareness and inspire individuals to achieve a harmonious worklife equilibrium. This event encompassed a comprehensive range of over 500 activities spanning all sites and divisions worldwide. Topics covered included nutrition, mental health, and physical exercise..

Being known as an inclusive organisation will help us to grow our talent pool. We will continue to welcome people from different backgrounds and consistently attract some of the best people from our local communities and beyond. To accelerate progress, our immediate focus is on investing in leaders, supporting them with an inclusive leadership education programme. This will provide the cultural awareness and understanding needed to role-model inclusive behaviours and recruit and manage diverse teams.

Active networks include LGBTQ & Allies, Culture & Ethnic Diversity, Gender Diversity and Disability & Allies. These networks foster a sense of belonging by creating a safe and supportive space for employees who share a common sense of identity. The networks offer a platform for members to openly discuss their experiences and perspectives, which in turn can lead to positively building wellness through greater empathy and understanding. Active networks also promote greater awareness through various means including building an annual calendar to support key dates and celebrations within their respective communities.

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## DS SMITH RECYCLING UK LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2025

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#### **Fostering of business relations with suppliers, customers and others**

##### **Customers**

Our customers are predominantly large, global fast moving consumer goods (FMCG) brands that typically sell goods in supermarkets and via e-commerce channels. We produce corrugated recyclable packaging for these brands and sell paper and recycling materials to third parties. Customers are concerned about sustainability, particularly the circularity, including recyclability, and the carbon footprint of their packaging. They are interested in supply chain transparency, legal and regulatory compliance, and competitive pricing, in addition to product quality and meeting their sustainability goals. We aim to delight our customers, from understanding their needs to providing innovative solutions through long-term strategic partnerships. We continue to bring new solutions to market, increasing recyclability, and reducing the carbon footprint using our Circular Design Metrics.

Our recycling and waste management services help our customers waste less and recycle more. From municipalities to some of the best-known brands and retailers in the world, our expertise help our customers maximise their recycling strategies.

The paper and cardboard we collect for recycling feeds our own paper mills as part of our closed loop recycling business model, while also being sold into our global network of third-party paper mills. By working with our customers to build recyclability into their supply chains, we are helping to provide sustainable solutions that the wider society demands from organisations.

##### **Suppliers**

Our suppliers range from large, strategic suppliers, with whom we have deep long-term collaborative relationships, to small suppliers of specialist goods and services for specific requirements. Our diverse supplier population increases our resilience, helping to ensure security of supply. Suppliers are concerned about legal compliance, competitive pricing and sustainability. They are interested in how they can support our sustainability agenda, as well as progressing their own.

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.

The business relationships with our suppliers, customers and other stakeholders, such as regulators and non-governmental organisations, are matters which the Group Chief Executive covers in his regular reports to the Group's Board. The Board appreciates the continuing work being done by the procurement function that strengthens existing relationships with suppliers so that supplies flow, even in times of shortage or supply chain stress.

#### **Impact of the Company's operations on the community and environment**

Our community engagement aims to produce prosperity, particularly to promote sustainable development and ensure our activities create positive local impacts. Our communities want to reside amongst a good neighbour, leveraging our activities in a way that produces environmental, economic and social value that benefits the communities in which we operate. We engage with our communities on a range of local issues, including in our Community Programme on three main strategic themes: biodiversity, design and education. The DS Smith Charitable Foundation supports environment, education and humanitarian causes, amongst others.

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.

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## DS SMITH RECYCLING UK LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2025

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#### **Streamlined Energy and Carbon Reporting**

The Company is included in the Group reporting of the intermediate parent company, DS Smith Limited, which has provided its consolidated CO2 emissions and energy consumption on page 17 of the Strategic report in the Group's 2025 Annual Report.

#### **Task Force on Climate-related Financial Disclosures (TCFD)**

The Company is included in the Group reporting of the ultimate parent company, which has provided its Climate-related Financial Disclosures (TCFD) report on pages 8-19 of the Strategic report in the Group's 2025 Annual Report.

#### **Principal risks and uncertainties**

Macroeconomic impacts are one of the key principal risks facing the Company. The ongoing war following Russia's invasion of Ukraine, increasing global tariffs and the conflict in the Middle East, continue to cause uncertainty at a geopolitical level and the thoughts of the Directors and employees of the Company remain with all those that are suffering as a result. Political and economic factors, such as rising interest rates and weakening major economies, impact the level of end-consumer spend and customer demand for the Company's packaging products. This risk is managed through the Company's secure supply chain and a customer offering focussed on innovative sustainable packaging solutions which remains compelling to our resilient customer base of FMCG multi-national companies.

Volatile commodity pricing for the Company's main input cost, CCM, can cause a short-term challenge to capture appropriate returns by aligning raw material costs to packaging sales revenues. All significant contracts have indexation mechanisms to mitigate this risk, albeit there can be a delay between the purchase of paper and the recovery through indexation.

Inflation rates have remained relatively stable over the course of the financial year. An agreement has been reached with the unions that represent our workforce to address labour inflation, and our Procurement team continue to work with suppliers to manage inflationary pressures in our other input costs.

The risk that customers cannot meet their obligations constitutes a customer credit risk. This risk is mitigated by the strict application of our credit policy and regular management review of accounts that are rated as higher risk.

The Company has transactions in foreign currencies which are then translated into the presentation currency (sterling) for the purposes of the financial statements. The Group treasury function enters into arrangements such as foreign exchange contracts in order to manage the risk arising upon currency translation.

The Company's operation of collecting and processing recyclable waste paper is exposed to risks relating to cost and inflationary pressures, changes in demand and quality requirements in the wider international fibre market. These risks are mitigated by management of quality through the business' operational network, contracting of fibre and development of domestic and international fibre offtake opportunities. Changes in the sales price of waste paper, where possible, are passed on to the customer.

This report was approved by the board on 2 February 2026 and signed on its behalf.



**L Hart**  
Director

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## DS SMITH RECYCLING UK LIMITED

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### DIRECTOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2025

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The Director presents their report and the financial statements for the year ended 30 April 2025.

Under s414C(11) of the Act, the Director may include in the strategic report such of the matters otherwise required by regulations made under s416(4) to be disclosed in the Director's report as the Director considers they are of strategic importance to the Company. The following disclosures required by s416(4) have been presented in the strategic report:

- Future developments
- Engagement with employees
- Engagement with suppliers, customers and others
- Energy and carbon reporting

#### Results and dividends

The profit for the year, after taxation, amounted to £7,735,000 (2024: £13,171,000).

The Directors have not proposed or paid a dividend in the year ended 30 April 2025 (2024: £nil). No dividends have been declared or paid post year end and to the date of authorising the financial statements.

#### Director

The Directors who served during the year and up to the date of signing were:

A Berrisford (resigned 30 December 2025)  
S I Bottcher (resigned 11 February 2025)  
W B Hicks (resigned 30 September 2025)  
L Hart (appointed 11 February 2025)

#### Political contributions

No political contributions were made during the year (2024: £nil).

#### Financial and other risk management objectives and policies

The Director meets periodically to discuss financial and other risks. Key price risk and credit risk are discussed during periodic reviews of the business. As a business we try to match our prices with our raw material costs. Where required, hedging instruments are entered into by the Company with the intermediate parent company, DS Smith Limited. Liquidity and cash flow risks are not considered material as the Company can utilise Group Treasury to access funding from the intermediate parent company if required.

#### Fibre pricing

The Company constantly manage the risk associated with fibre pricing by managing our mix of UK and overseas purchases.

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## DS SMITH RECYCLING UK LIMITED

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### DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2025

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#### Going concern

The financial statements have been prepared using the going concern basis of accounting. In making their assessment on the appropriateness of using the going concern basis, the Director has considered any material uncertainties relating to events or conditions that may cast significant doubt upon the continuing use of the going concern basis of accounting in future periods. The Director has considered a period of 12 months from the date the financial statements are expected to be authorised for issue.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within the Strategic report. The financial position of the Company is as shown in the statement of financial position on page 15. At 30 April 2025, the Company reported net current liabilities of £33,351,000 (2024: £56,879,000) and net assets of £34,597,000 (2024: £26,859,000).

The financial statements have been prepared using the going concern basis of accounting. The Company has been issued a support letter from its intermediate parent company, DS Smith Limited, confirming ongoing financial support in meeting liabilities as they fall due for a period of at least 12 months from the day of approval of accounts, subject to unforeseen circumstances. DS Smith Limited has undertaken its own assessment of going concern, which it has confirmed and this is disclosed on page 23 of the Group's 2024/25 Annual Report. The Director is satisfied that no events took place after the release of the Group's 2024/25 Annual Report that give rise to any uncertainties relating to going concern, and accordingly the Directors considered it is appropriate to rely upon this support in making their going concern assessment for these financial statements. The Director is satisfied that the Company has adequate resources to meet its operational needs for a period of at least 12 months from the day of approval of accounts and accordingly they continue to adopt the going concern basis in preparing the financial statements.

#### Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### Disclosure of information to Auditor

The Director at the time when this Director's Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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**DS SMITH RECYCLING UK LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 APRIL 2025**

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**Post balance sheet events**

On 29 January 2026, International Paper announced its intent to form two independent, public companies through the separation of its North America and EMEA businesses. The separation is expected to be completed in 12-15 months, subject to satisfaction of certain customary conditions.

**Auditor**

In accordance with section 489 of the Companies Act 2006 and following the combination with International Paper Company completed on 31 January 2025, the auditors, Deloitte L.L.P, will be proposed for appointment at the following Annual General Meeting. Accordingly Ernst & Young LLP (EY) will not be seeking reappointment as auditor of the Company at the conclusion of their current term of office. There are no circumstances connected with the resignation of Ernst & Young LLP (EY) as external auditor which should be brought to the attention of the stakeholders of the Company.

This report was approved by the board on 2 February 2026 and signed on its behalf.



L Hart  
Director

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**DS SMITH RECYCLING UK LIMITED**

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**DIRECTOR'S RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2025**

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The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the Director is required to:

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

The Director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Director's Reports may differ from legislation in other jurisdictions.

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## DS SMITH RECYCLING UK LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH RECYCLING UK LIMITED

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#### Report on the audit of the financial statements

##### Opinion

We have audited the financial statements of DS Smith Recycling UK Limited for the year ended 30 April 2025 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 28, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 April 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### Basis for opinion

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

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

##### Conclusions relating to going concern

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

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

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

##### Other information

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

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

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## DS SMITH RECYCLING UK LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH RECYCLING UK LIMITED

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#### Other information (continued)

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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditors 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.

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## DS SMITH RECYCLING UK LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH RECYCLING UK LIMITED

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and Companies Act 2006) and compliance with the relevant direct and indirect tax regulations in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety, employees, data protection and anti-bribery and corruption.
- We understood how the company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We also understood the controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings. We considered the programmes and controls that the Company has established to address the risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of board minutes and correspondence with relevant authorities, where applicable, and inquiries of company and DS Smith Limited group management and those charged with governance, legal counsel, and internal audit. Based on procedures performed, we have not identified any actual or possible instances of non-compliance with laws and regulations.

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.

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**DS SMITH RECYCLING UK LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH RECYCLING UK LIMITED**

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**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*

Sarah Pocock (Senior statutory auditor)

for and on behalf of

**Ernst & Young LLP**

The Paragon  
Counterslip  
Bristol  
United Kingdom  
BS1 6BX  
2 February 2026

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**DS SMITH RECYCLING UK LIMITED**

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**INCOME STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2025**

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	<b>Note</b>	<b>2025 £000</b>	<i>2024 £000</i>
Turnover	4	<b>160,042</b>	<i>151,477</i>
Cost of sales		<b>(129,986)</b>	<i>(116,290)</i>
<b>Gross profit</b>		<b>30,056</b>	<i>35,187</i>
Distribution costs		<b>(18,843)</b>	<i>(21,154)</i>
Administrative expenses		<b>(4,788)</b>	<i>3,789</i>
<b>Operating profit</b>	5	<b>6,425</b>	<i>17,822</i>
Interest receivable and similar income	9	<b>7,803</b>	<i>7,893</i>
Interest payable and similar expenses	10	<b>(8,027)</b>	<i>(8,015)</i>
Other finance expense		<b>-</b>	<i>(26)</i>
<b>Profit before tax</b>		<b>6,201</b>	<i>17,674</i>
Tax on profit	11	<b>1,534</b>	<i>(4,503)</i>
<b>Profit for the financial year</b>		<b>7,735</b>	<i>13,171</i>

The notes on pages 18 to 42 form part of these financial statements.

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**DS SMITH RECYCLING UK LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 APRIL 2025**

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	<b>Note</b>	<b>2025 £000</b>	<i>2024 £000</i>
Profit for the financial year		<b>7,735</b>	13,171
<b>Other comprehensive income/(loss):</b>			
Gain/(loss) on designated cash flow hedges		<b>4</b>	(16)
Reclassification from cash flow hedge reserve to income statement		-	(15)
Deferred tax on designated cash flow hedges		<b>(1)</b>	8
		<b>3</b>	(23)
<b>Total comprehensive income for the year</b>		<b>7,738</b>	13,148

The notes on pages 18 to 42 form part of these financial statements.

**DS SMITH RECYCLING UK LIMITED**  
**REGISTERED NUMBER: 00214967**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2025**

	Note	2025 £000	2024 £000
<b>Non-current assets</b>			
Intangible assets	12	63	7,019
Property plant & equipment	13	5,690	5,177
Trade and other receivables	15	145,675	147,313
Deferred tax	20	1,202	-
		<u>152,630</u>	<u>159,509</u>
<b>Current assets</b>			
Inventories	14	298	512
Trade and other receivables	15	24,494	15,997
Cash at bank	16	1,380	2,576
		<u>26,172</u>	<u>19,085</u>
<b>Current liabilities</b>			
Trade and other payables	17	(59,523)	(72,346)
Provisions	21	-	(3,618)
		<u>(33,351)</u>	<u>(56,879)</u>
<b>Net current liabilities</b>			
		<u>(33,351)</u>	<u>(56,879)</u>
<b>Total assets less current liabilities</b>			
		<u>119,279</u>	<u>102,630</u>
<b>Non-current liabilities</b>			
Trade and other payables	18	(84,682)	(75,771)
		<u>(84,682)</u>	<u>(75,771)</u>
<b>Net assets</b>			
		<u>34,597</u>	<u>26,859</u>
<b>Capital and reserves</b>			
Called-up share capital	23	9,295	9,295
Hedging reserves	22	(1)	(4)
Profit and loss account		25,303	17,568
		<u>34,597</u>	<u>26,859</u>

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**DS SMITH RECYCLING UK LIMITED**  
**REGISTERED NUMBER: 00214967**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 APRIL 2025**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 February 2026.



**L Hart**  
Director

The notes on pages 18 to 42 form part of these financial statements.

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**DS SMITH RECYCLING UK LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 APRIL 2025**

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	Called-up share capital	Hedging reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
<b>At 1 May 2023</b>	<b>9,295</b>	<b>19</b>	<b>4,397</b>	<b>13,711</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	13,171	13,171
Deferred tax on designated cash flow hedges	-	8	-	8
Reclassification from cash flow hedge reserve to income statement	-	(15)	-	(15)
Loss on designated cash flow hedges	-	(16)	-	(16)
<b>At 1 May 2024</b>	<b>9,295</b>	<b>(4)</b>	<b>17,568</b>	<b>26,859</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	7,735	7,735
Deferred tax on designated cash flow hedges	-	(1)	-	(1)
Gain on designated cash flow hedges	-	4	-	4
<b>At 30 April 2025</b>	<b>9,295</b>	<b>(1)</b>	<b>25,303</b>	<b>34,597</b>

The notes on pages 18 to 42 form part of these financial statements.

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## DS SMITH RECYCLING UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2025

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#### 1. General information

DS Smith Recycling UK Limited ("the Company") is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales whose shares are not publicly traded. The registered office is located at Level 3, 1 Paddington Square, London, United Kingdom, W2 1DL.

The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

To ensure consistency with reporting under the adapted format, the statement of financial position has been updated to rename Fixed assets to Non-current assets.

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures

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## DS SMITH RECYCLING UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2025

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#### 2. Accounting policies (continued)

##### 2.2 Financial Reporting Standard 101 - reduced disclosure exemptions (continued)

- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of DS Smith Limited as at 30th of April 2025 and these financial statements may be obtained from Level 3, 1 Paddington Square, London, W2 1DL, United Kingdom.

##### 2.3 Going concern

The financial statements have been prepared using the going concern basis of accounting. In making their assessment on the appropriateness of using the going concern basis, the Director has considered any material uncertainties relating to events or conditions that may cast significant doubt upon the continuing use of the going concern basis of accounting in future periods. The Director has considered a period of 12 months from the date the financial statements are expected to be authorised for issue.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within the Strategic report. The financial position of the Company is as shown in the statement of financial position on page 15. At 30 April 2025, the Company reported net current liabilities of £33,351,000 (2024: £56,879,000) and net assets of £34,597,000 (2024: £26,859,000).

The financial statements have been prepared using the going concern basis of accounting. The Company has been issued a support letter from its intermediate parent company, DS Smith Limited, confirming ongoing financial support in meeting liabilities as they fall due for a period of at least 12 months from the day of approval of accounts, subject to unforeseen circumstances. DS Smith Limited has undertaken its own assessment of going concern, which it has confirmed and this is disclosed on page 23 of the Group's 2024/25 Annual Report. The Director is satisfied that no events took place after the release of the Group's 2024/25 Annual Report that give rise to any uncertainties relating to going concern, and accordingly the Directors considered it is appropriate to rely upon this support in making their going concern assessment for these financial statements. The Director is satisfied that the Company has adequate resources to meet its operational needs for a period of at least 12 months from the day of approval of accounts and accordingly they continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025

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2. **Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Rendering of services**

Revenue from providing services is recognised in the accounting period in which the services are rendered at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services and the fulfilment of the related performance obligations.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025

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2. Accounting policies (continued)

2.6 Leases

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate, being the rate that the Company would have to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Trade and other payables' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' line, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.16.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

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## DS SMITH RECYCLING UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2025

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#### 2. Accounting policies (continued)

##### 2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

##### 2.10 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.11 Current and deferred 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, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

DS Smith Group entities do not receive payment for current year tax losses surrendered or make payment for group relief claimed at the rate of tax prevailing in the year. However, where an entity has negative reserves and losses which will be surrendered to other members of the DS Smith Group, the claimant company will need to make payment for those tax losses at the rate of tax prevailing in the year.

Deferred tax is provided for using the statement of financial position 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.

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## DS SMITH RECYCLING UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2025

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#### 2. Accounting policies (continued)

##### 2.11 Current and deferred taxation (continued)

The Pillar Two Income tax rules applied to the DS Smith Group and subsidiaries for the financial year commencing on 1 May 2024. The Company has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required in the amendments to FRS 101 International Tax reform - Pillar two model rules effective 1 January 2023.

##### 2.12 Share-based payments

The intermediate parent company, DS Smith Limited, operates an equity-settled, share-based compensation plan covering certain employees of the Company. The fair value of these employee services received by the Company in exchange for the grant of the options is recognised as an expense in the Company's accounting records by means of a recharge from the intermediate parent company. 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 Company revises its estimates of the numbers of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement.

##### 2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Intangible assets are comprised of computer software. The estimated useful life of computer software is 3 to 10 years and is amortised on a straight line basis.

##### 2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025

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**2. Accounting policies (continued)**

**2.14 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 10 - 50 years
Plant and machinery	- 2 - 25 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are not subject to depreciation until completion. The cost of a self constructed asset is measured by directly attributable costs including direct materials, direct labour costs and unavoidable costs that are directly attributable to the construction activity. Once the asset under construction is ready for use or sale then it is reclassified into its appropriate asset category and depreciation shall commence.

**2.15 Inventories**

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventories is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.16 Impairment of fixed assets**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.17 Trade and other receivables**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025

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**2. Accounting policies (continued)**

**2.18 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.19 Trade and other payables**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.20 Provisions for liabilities**

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

**2.21 Derivative financial instruments**

The Company uses commodity derivative financial instruments transacted with its intermediate parent company to manage commodity risks associated with the Company's underlying business activities. The Company does not undertake any speculative activity with derivative financial instruments.

Derivative financial instruments are initially recognised at fair value 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.

The Company has elected to apply cash flow hedge accounting. 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 purchase of energy occurs.

If the hedging instrument expires, is sold or terminated, 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.

**2.22 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025

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2. Accounting policies (continued)

2.22 Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

**Fair value through profit or loss**

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

**Impairment of financial assets**

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, 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, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**Financial liabilities**

**Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the Company's accounting policies, which are described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

There are no critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

*Impairment*

Assumptions are made when reviewing assets for any impairment indicators, primarily within the latest approved financial forecast which is used as the basis for this assessment. It is possible that if key assumptions were changed adversely, impairment would need to be recognised.

*Restructuring provisions*

Provisions have been recognised for redundancy and costs arising on site closures based on reliable estimates of the amount of obligations that would arise. It is possible that the outcome of these estimates could change based on actual circumstances and costs at the time these site closures happen.

**4. Revenue**

Analysis of turnover by country of destination:

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
United Kingdom	<b>150,118</b>	<i>142,954</i>
Rest of Europe	<b>5,505</b>	<i>3,420</i>
Rest of the world	<b>4,419</b>	<i>5,103</i>
	<b>160,042</b>	<i>151,477</i>

All revenue relates to the Company's principal activities, being the collecting, transporting, sorting and selling of recyclable waste paper and other dry mixed recyclables.

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**5. Operating profit**

The operating profit is stated after charging/(crediting):

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Depreciation of tangible fixed and ROU assets (note 13)	<b>801</b>	<i>1,664</i>
Impairment of tangible fixed and ROU assets (note 13)	<b>-</b>	<i>1,612</i>
Amortisation of intangible assets, including goodwill (note 12)	<b>712</b>	<i>460</i>
Foreign exchange gains	<b>(16)</b>	<i>(180)</i>
Cost of stocks recognised as an expense	<b>122,633</b>	<i>108,728</i>
Restructuring gain	<b>-</b>	<i>(7,140)</i>
	<b>=====</b>	<i>=====</i>

The gain on restructuring of £nil (2024: gain £7,140,000) is in relation to the closure of depots in the prior year.

**6. Auditor's remuneration**

During the year, the Company obtained the following services from the Company's auditor and its associates:

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Audit services	<b>102</b>	<i>99</i>
	<b>=====</b>	<i>=====</i>

No fees in relation to non-audit services were paid to the Company's auditor in the current or preceding year.

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**7. Employees**

Staff costs, including Director's remuneration, were as follows:

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>5,510</b>	<i>6,401</i>
Social security costs	<b>490</b>	<i>719</i>
Cost of defined contribution scheme	<b>419</b>	<i>598</i>
	<b>6,419</b>	<i>7,718</i>

Wages and salaries include £170,900 (2024: £86,931) in respect of share options granted by DS Smith Limited, the intermediate Parent company during the financial year. The Company's management participates in the performance share plan of the Parent company.

The average monthly number of employees, including the Director, during the year was as follows:

	<b>2025</b>	<i>2024</i>
	<b>No.</b>	<i>No.</i>
Production	<b>37</b>	<i>72</i>
Management and administration	<b>63</b>	<i>82</i>
	<b>100</b>	<i>154</i>

**8. Director's remuneration**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Director's emoluments	<b>388</b>	<i>313</i>
	<b>388</b>	<i>313</i>

The highest paid Director received remuneration of £303,000 thousand (2024: £177,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,000 (2024: £22,000).

One Director (2024: one) is remunerated by other Group undertakings. It is considered that the level of their qualifying services to the Company is negligible compared to their main roles. There are no management charges from these group undertakings for their services. Consequently they determine that given the level of the services required, that the proportion of their salary relating to their services provided to the Company is insignificant. Therefore a £nil apportionment is made (2024: £nil).

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**9. Interest receivable and similar items**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Interest receivable from group undertakings	<b>7,803</b>	<i>7,893</i>
	<u><b>7,803</b></u>	<u><i>7,893</i></u>

**10. Interest payable and similar expenses**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Bank interest payable	<b>123</b>	<i>182</i>
Interest payable to group undertakings	<b>7,809</b>	<i>7,489</i>
Interest on lease liabilities (note 19)	<b>95</b>	<i>333</i>
Other interest on factored debts	<b>-</b>	<i>11</i>
	<u><b>8,027</b></u>	<u><i>8,015</i></u>

**11. Income tax expense**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>-</b>	<i>4,760</i>
Adjustment in respect of prior years	<b>(1,155)</b>	<i>-</i>
	<u><b>(1,155)</b></u>	<u><i>4,760</i></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(249)</b>	<i>(428)</i>
Adjustments in respect of prior years	<b>(130)</b>	<i>171</i>
	<u><b>(379)</b></u>	<u><i>(257)</i></u>
<b>Taxation on profit on ordinary activities</b>	<u><b>(1,534)</b></u>	<u><i>4,503</i></u>

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**11. Income tax expense (continued)**

The current tax adjustment in respect of prior years of £1,155,000 relates to amounts treated as non-deductible in the accounting provision that were ultimately deductible in the submitted tax computation.

The deferred tax adjustment in respect of prior years of £130,000 relates to an increase in temporary differences arising in respect of capital allowances.

At the time of issuing the financial statements in the prior year, the amount of capital allowance was unknown and this only became determinable on submission of the tax return for that respective period.

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2024: *higher than*) the standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are explained below:

	<b>2025</b>	2024
	<b>£000</b>	£000
Profit on ordinary activities before tax	<b>6,201</b>	17,674
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024: 25%)	<b>1,550</b>	4,418
<b>Effects of:</b>		
Permanent differences	<b>207</b>	(86)
Adjustments in respect of prior years	<b>(1,285)</b>	171
Group relief	<b>(2,006)</b>	-
<b>Total tax (credit)/charge for the year</b>	<b>(1,534)</b>	4,503

**Factors that may affect future tax charges**

In future years, the tax charge will be affected by subsequently enacted changes in tax rate.

The UK Government has enacted legislation in respect of Pillar Two introducing a global minimum effective tax rate of 15% and a domestic minimum top up tax. The rules applied to the Company for the financial year commencing on 1 May 2024. Additional disclosures on Pillar Two are included in the annual Group financial statements of DS Smith Limited, the intermediate parent of the Company.

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DS SMITH RECYCLING UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025

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12. Intangible assets

	<b>Computer software £000</b>
<b>Cost</b>	
At 1 May 2024	9,812
Transfers	(8,030)
At 30 April 2025	<u>1,782</u>
<b>Amortisation</b>	
At 1 May 2024	2,793
Charge for the year on owned assets	712
On transfers	(1,786)
At 30 April 2025	<u>1,719</u>
<b>Net book value</b>	
At 30 April 2025	<u>63</u>
<i>At 30 April 2024</i>	<u>7,019</u>

Amortisation is included within cost of sales in the income statement.

During the year, software with a net book value of £6,244,000 was transferred to other group undertakings within the DS Smith Group.

DS SMITH RECYCLING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025

13. Property, plant and equipment

	Freehold & leasehold property £000	ROU Long- term leasehold property £000	Plant and machinery £000	ROU Motor vehicles £000	ROU Plant and machinery £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>							
At 1 May 2024	4,863	9,948	3,236	693	100	-	18,840
Additions	407	-	103	126	719	427	1,782
Disposals	(583)	(3,863)	(1,229)	(525)	(73)	-	(6,273)
At 30 April 2025	<u>4,687</u>	<u>6,085</u>	<u>2,110</u>	<u>294</u>	<u>746</u>	<u>427</u>	<u>14,349</u>
<b>Depreciation</b>							
At 1 May 2024	1,830	8,821	2,305	642	65	-	13,663
Charge for the year on owned assets	367	-	158	-	-	-	525
Charge for the year on right-of- use assets	-	108	-	105	63	-	276
Disposals	(249)	(3,863)	(1,105)	(515)	(73)	-	(5,805)
At 30 April 2025	<u>1,948</u>	<u>5,066</u>	<u>1,358</u>	<u>232</u>	<u>55</u>	<u>-</u>	<u>8,659</u>
<b>Net book value</b>							
At 30 April 2025	<u>2,739</u>	<u>1,019</u>	<u>752</u>	<u>62</u>	<u>691</u>	<u>427</u>	<u>5,690</u>
At 30 April 2024	<u>3,033</u>	<u>1,127</u>	<u>931</u>	<u>51</u>	<u>35</u>	<u>-</u>	<u>5,177</u>

Disposals of ROU Long-term leasehold property relates to the conclusion of depot closures following the restructuring of obligating business activities in the prior year.

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**13. Property, plant and equipment (continued)**

The net book value of land and buildings may be further analysed as follows:

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Freehold	2,739	3,033
Long leasehold	1,019	1,127
	<b>3,758</b>	<i>4,160</i>
	<b>3,758</b>	<i>4,160</i>

The net book value of owned and leased assets included as "Property, plant and equipment" in the Statement of Financial Position is as follows:

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Tangible fixed assets owned	3,917	3,964
Right-of-use tangible fixed assets	1,772	1,213
	<b>5,689</b>	<i>5,177</i>
	<b>5,689</b>	<i>5,177</i>

Information about right-of-use assets is summarised below:

**Net book value**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Property	1,019	1,127
Plant and machinery	691	35
Motor vehicles	62	51
	<b>1,772</b>	<i>1,213</i>
	<b>1,772</b>	<i>1,213</i>

**Depreciation charge for the year ended**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Property	108	710
Plant and machinery	63	51
Motor vehicles	105	549
	<b>276</b>	<i>1,310</i>
	<b>276</b>	<i>1,310</i>

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**14. Inventories**

	<b>2025</b>	2024
	<b>£000</b>	£000
Raw materials and consumables	<b>31</b>	33
Finished goods and goods for resale	<b>267</b>	479
	<b>298</b>	512
	<b>298</b>	512

Inventory provisions at 30 April 2025 were £nil (2024: £nil). There is no material difference between the statement of financial position value of inventories and their replacement cost.

**15. Trade and other receivables**

	<b>2025</b>	2024
	<b>£000</b>	£000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<b>145,675</b>	146,489
Deferred tax asset (note 20)	-	824
	<b>145,675</b>	147,313
	<b>145,675</b>	147,313

Interest is charged on amounts owed by the intermediate parent undertaking of £137,931,501 at 1 month SONIA plus 0.71%. Amounts owed by group undertakings have no fixed date of repayment and have therefore been presented as due after more than one year as management does not expect this to be settled within 12 months from the balance sheet date.

	<b>2025</b>	2024
	<b>£000</b>	£000
<b>Due within one year</b>		
Trade debtors	<b>2,847</b>	1,650
Amounts owed by group undertakings	<b>17,945</b>	11,680
Other debtors	<b>2,507</b>	1,689
Prepayments and accrued income	<b>1,195</b>	978
	<b>24,494</b>	15,997
	<b>24,494</b>	15,997

Amounts owed by group undertakings are non-interest bearing, unsecured, and are expected to be settled within the next twelve months or relate to trading balances.

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**16. Cash at bank**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Cash at bank	<b>1,380</b>	<i>2,576</i>
	<b>1,380</b>	<i>2,576</i>

**17. Trade and other payables - current**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Trade creditors	<b>27,214</b>	<i>31,233</i>
Amounts owed to group undertakings	<b>28,049</b>	<i>34,405</i>
Lease liabilities (note 19)	<b>416</b>	<i>813</i>
Other creditors	<b>281</b>	<i>166</i>
Accruals and deferred income	<b>3,562</b>	<i>5,724</i>
Derivative financial instruments (note 22)	<b>1</b>	<i>5</i>
	<b>59,523</b>	<i>72,346</i>

No interest was charged on amounts owed to group undertakings which are unsecured and repayable on demand.

**18. Trade and other payables - non-current**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Lease liabilities (note 19)	<b>1,432</b>	<i>438</i>
Amounts owed to group undertakings	<b>83,250</b>	<i>75,333</i>
	<b>84,682</b>	<i>75,771</i>

Amounts owed to group undertakings bear interest at SONIA plus 4.56% and have a maturity date of 30 September 2026.

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**19. Leases**

**Company as a lessee**

The Company has leases in respect to land and buildings, plant and machinery and motor vehicles.

Lease liabilities are due as follows:

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Less than one year	<b>416</b>	<i>813</i>
Between one year and five years	<b>1,150</b>	<i>86</i>
Later than five years	<b>282</b>	<i>352</i>
	<b>1,848</b>	<i>1,251</i>
	<b>1,848</b>	<i>1,251</i>

		<b>2025</b>
		<b>£000</b>
<b>Lease liabilities</b>		
At 1 May 2024		<b>3,147</b>
Additions		<b>843</b>
Disposals		<b>(1,869)</b>
Accretion of interest		<b>95</b>
Payments		<b>(368)</b>
<b>At 30 April 2025</b>		<b>1,848</b>
		<b>1,848</b>

**20. Deferred taxation**

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
At beginning of year	<b>824</b>	<i>559</i>
Credited to profit or loss	<b>379</b>	<i>257</i>
Charged to other comprehensive income	<b>(1)</b>	<i>8</i>
<b>At end of year</b>	<b>1,202</b>	<i>824</i>
	<b>1,202</b>	<i>824</i>

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**20. Deferred taxation (continued)**

The deferred tax asset is made up as follows:

	<b>2025</b>	<i>2024</i>
	<b>£000</b>	<i>£000</i>
Depreciation in excess of capital allowances	<b>1,201</b>	<i>822</i>
Derivative financial instruments	<b>1</b>	<i>2</i>
	<b>1,202</b>	<i>824</i>
	<b>1,202</b>	<i>824</i>

Deferred tax assets are recognised for all deductible temporary differences on the basis it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

**21. Provisions**

The dilapidations relate to obligations on a leasehold property and the restructuring to obligating business activities costs as a result of depot closures in the prior year. This provision was fully utilised during the year.

	<b>Dilapidations and restructuring £000</b>
At 1 May 2024	<b>3,618</b>
Utilised in year	<b>(3,618)</b>
<b>At 30 April 2025</b>	<b>-</b>

**22. Financial Instruments**

The Company transacts commodity hedge derivative financial instruments with its intermediate parent company to manage the risks associated with the Company's underlying business activities. Derivatives are carried at their fair value in the statement of financial position.

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

	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Derivatives held to hedge future transactions:				
Energy - current	-	<b>1</b>	-	<b>5</b>

For the derivative financial instruments carried at fair value, market prices are used to determine fair value. The Company uses forward energy index prices quoted on an exchange for valuing commodity contracts.

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**22. Financial Instruments (continued)**

	<b>Hedging reserves £000</b>
Balance at 1 May 2024	(4)
Gain reclassified to the income statement	<u>4</u>
<b>At 30 April 2025</b>	<b><u><u>-</u></u></b>

There was £nil recognised ineffectiveness during the year ended 30 April 2025 (2024: £nil).

**23. Called-up share capital**

	<b>2025 £000</b>	<b>2024 £000</b>
<b>Authorised, allotted, called-up and fully paid</b>		
9,294,500 (2024 - 9,294,500) Ordinary shares of £1.00 each	<b><u>9,295</u></b>	<u>9,295</u>

The Company has one class of ordinary shares which carry no right to fixed income.

Retained earnings represents accumulated profits and losses that the Company has made since incorporation, less any dividends paid in that time.

**24. Contingent liabilities**

The Company was a participant in the DS Smith Group's uncommitted overdraft facility with a net limit of £5m. The facility was disbanded in August 2024.

**25. Pension commitments**

The Company participates in a UK defined contribution scheme, which is a trust-based arrangement offering members a range of investments. All assets are held independently from the Group.

The amount recognised as an expense for the defined contribution scheme in the year, relating to current period contributions, was £418,545 (2024: £598,308).

As at 30 April 2025, contributions of £nil (2024: £nil) due in respect of the current reporting period had not been paid over to the scheme and are included in other payables.

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## DS SMITH RECYCLING UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2025

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#### 26. Share-based payments

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 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.

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## DS SMITH RECYCLING UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2025

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#### 26. Share based payments (continued)

- (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 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 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. 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 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. International Paper have share incentive arrangements to which certain DS Smith employees have been invited to participate. The costs of these arrangements are re-billed to DS Smith Limited.

#### 27. Post balance sheet events

On 29 January 2026, International Paper announced its intent to form two independent, public companies through the separation of its North America and EMEA businesses. The separation is expected to be completed in 12-15 months, subject to satisfaction of certain customary conditions.

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**DS SMITH RECYCLING UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2025**

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**28. Controlling party**

The Company's immediate parent company is DS Smith Packaging Holding BV, a company incorporated in the Netherlands.

The ultimate parent company and the ultimate controlling party is International Paper Company, a Company incorporated in the United States.

International Paper Company, Inc is the largest Group in which the results of the Group and Company will be consolidated. The registered office for International Paper Company is 6400 Poplar Avenue, Memphis, Tennessee, 38197, United States. Copies of the International Paper Company, financial statements can be obtained from [www.internationalpaper.com](http://www.internationalpaper.com).

DS Smith Limited represents the smallest group of undertakings for which Group financial statements are prepared and of which the Company is a member. The registered office for DS Smith Limited is Level 3, 1 Paddington Square, London, W2 1DL. Copies of the DS Smith Limited financial statements are available from the Secretary of DS Smith Limited at Level 3, 1 Paddington Square, London, W2 1DL.

The Company does not have any subsidiary undertakings.