

Company Registration No. 711040

DS Smith Ireland Treasury Designated Activity Company

**Directors' report and audited financial statements
for the financial period ended 30 April 2023**

DS Smith Ireland Treasury Designated Activity Company

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DS Smith Ireland Treasury Designated Activity Company

Directors and other information

Directors:

John Carberry
Iain Hackston
Derek O'Reilly
Tony Vander Ghinst

Company Secretary:

Goodbody Secretarial Limited
International Financial Services Centre
North Wall Quay
Dublin 1
Ireland

Registered number: 711040

Registered office:

10 Ely Place
Dublin 2
D02 HR98

Auditor:

Ernst & Young
Harcourt Centre
EY Building
Harcourt St.
Dublin 2

Bankers:

J.P. Morgan SE
Dublin Branch
200 Capital Dock
79 Sir John Rogerson's Quay
Dublin 2

DS Smith Ireland Treasury Designated Activity Company

Directors' report

The Directors present their Directors' Report and Audited Financial Statements of DS Smith Ireland Treasury Designated Activity Company (the "Company") for the financial period from 4 January 2022 (date of incorporation) to 30 April 2023. The Company was incorporated on 4 January 2022 and commenced operations on 15 March 2022.

Directors

The names of the persons who at any time during the financial period were Directors of the Company are as follows:

John Carberry (Appointed at 1 April 2022) (Ireland)
Tony Vander Ghinst (Appointed at 4 January 2022) (Belgium)
Derek O'Reilly (Appointed at 4 January 2022) (Ireland)
Iain Hackston (Appointed 4 January 2022) (Luxembourg)
Brian Culligan (Appointed at 4 January 2022)(Resigned at 1 April 2022) (Ireland)

Principal activities

The principal activity of the Company is the provision of intra-group financing services for entities within the DS Smith plc Group (the "Group").

Business review

The level of business during the period, and the financial position at 30 April 2023 were satisfactory. The Directors expect the current level of activity in the Company to continue for the foreseeable future. The Company made a profit after tax of €76,219,048 for the financial period. The full results for the financial period are presented in the statement of comprehensive income. The Company's net asset balance as at 30 April 2023 was €2,055,816,107.

Future developments

The Directors expect the current level of activity in the Company to continue for the foreseeable future.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including interest rate risk, credit risk and liquidity risk which are detailed in note 21. The conflict in Ukraine has not significantly impacted the Company in the current period.

Management objectives

There are no plans to materially change the Company's activities in the future.

Going concern

At 30 April 2023 the Company had net current assets of €10,387,173 and net assets of €2,055,816,107. The Directors have formed a judgement at the time of preparing these financial statements, that there is reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that the Company will be a going concern for at least twelve months from approving the financial statements.

DS Smith Ireland Treasury Designated Activity Company

Directors' report (continued)

Dividends

During the financial period the Directors have not paid any dividends or recommended payment of a final dividend.

Events after the end of the reporting period

There have been no significant events that require adjusting or disclosure in the financial statements since the reporting date.

Research and development

The Company has not incurred any research and development expenditure.

Political donations

The Company made no political donations during the financial period.

Directors and secretary and their interests

The Directors and the secretary, who served during the financial period and at the financial period end, had no interests in shares in the Company at any time during the financial period from the dates of their respective appointments.

Accounting records

The measures taken by the Directors to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the finance function. The accounting records of the Company are located at 10 Ely Place, Dublin 2, D02 HR98.

Relevant audit information

In the case of each of the persons who are Directors at the time this report is approved in accordance with section 332 of Companies Act 2014:

- so far as each Director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and
- each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Audit committee

DS Smith Ireland Treasury DAC is part of the DS Smith Group. An Audit Committee exists at Group level covering the entirety of the DS Smith Group. There is no requirement for an audit committee to be established at the level of DS Smith Ireland Treasury DAC.

Statement of compliance

The Directors of the company:

- acknowledge that they are responsible for securing the company's compliance with its relevant obligations; and
- confirm that the following have been done:
 - (i) the drawing up of a statement setting out the company's policies (that, in the Directors' opinion, are appropriate to the company) respecting compliance by the company with its relevant obligations;
 - (ii) the putting in place of appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with the company's relevant obligations; and
 - (iii) the conducting of a review, during the financial period, of any arrangements or structures that have been put in place.

DS Smith Ireland Treasury Designated Activity Company

Directors' report (continued)

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the Directors to prepare financial statements for each financial period. Under the law, the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council. 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 assets, liabilities and financial position of the Company as at the financial period end date and of the profit or loss of the Company for the financial period and otherwise comply with the Companies Act 2014.

In preparing these Directors' Report and Audited Financial Statements, the Directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the Directors' Report and Audited Financial Statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the Directors' Report and Audited Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the Directors' Report and Audited Financial Statements comply with the Companies Act 2014 and enable the Directors' Report and Audited Financial Statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 383(2) of the Companies Act, 2014, the auditor, Ernst & Young Chartered Accountants and Statutory Audit Firm, will continue in office.

This report was approved by the board of directors on 13 July 2023 and signed on behalf of the board by:



John Carberry
Director



Derek O'Reilly
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH IRELAND TREASURY DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DS Smith Ireland Treasury Designated Activity Company ('the Company') for the period from 4 January 2022 (date of incorporation) to 30 April 2023, which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 30 April 2023 and of its profit for the period from 4 January 2022 (date of incorporation) to 30 April 2023;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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 at least twelve months from the date 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.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH IRELAND TREASURY
DESIGNATED ACTIVITY COMPANY

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

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

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on 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 directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DS SMITH IRELAND TREASURY
DESIGNATED ACTIVITY COMPANY

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.



Dean Phillips
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 13 July 2023

DS Smith Ireland Treasury Designated Activity Company

Statement of comprehensive income Financial period ended 30 April 2023

	Notes	Period ended 30 April 2023 €'000
Interest income	4	87,425
Administrative expenses	5	(318)
Operating profit		87,107
Profit before taxation		87,107
Tax on profit	9	(10,888)
Profit for the financial period		76,219

All the activities of the Company are from continuing operations.

The statement of comprehensive income reflects a reporting period of 16 months.

The Company has no other recognised items of income and expenses other than the results for the financial period as set out above.

The notes on pages 11 to 18 form part of these Directors' Report and Audited Financial Statements.

DS Smith Ireland Treasury Designated Activity Company

Statement of financial position As at 30 April 2023

	Notes	2023 €'000
Non-current assets		
Loans to Group companies	11	2,045,429
Total non-current assets		2,045,429
Current assets		
Loans to Group companies	12	11,576
Cash at bank		35
Total current assets		11,611
Current liabilities		
Creditors	13	(1,224)
Total current liabilities		(1,224)
Net current assets		10,387
Net assets		2,055,816
Equity		
Called-up share capital presented as equity	14	-
Share premium account	14	1,979,597
Profit and loss account	15	76,219
Shareholder's equity		2,055,816

These Directors' Report and Audited Financial Statements were approved by the Board of Directors on 13 July 2023 and signed on behalf of the Board by:


John Carberry
Director


Derek O'Reilly
Director

The notes on pages 11 to 18 form part of these Directors' Report and Audited Financial Statements.

DS Smith Ireland Treasury Designated Activity Company

Statement of changes in equity Financial period ended 30 April 2023

	Called-up share capital €'000	Share premium account €'000	Profit & loss account €'000	Total equity €'000
At 4 January 2022	-	-	-	-
Profit for the financial period	-	-	76,219	76,219
Total comprehensive income for the financial period	-	-	76,219	76,219
Issue of shares	-	1,979,597	-	1,979,597
Total investments by and distributions to owners		1,979,597	-	1,979,597
At 30 April 2023	-	1,979,597	76,219	2,055,816

The notes on pages 11 to 18 form part of these Directors' Report and Audited Financial Statements.

DS Smith Ireland Treasury Designated Activity Company

Notes to the Directors' report and audited financial statements Financial period ended 30 April 2023

1. General information

DS Smith Ireland Treasury Designated Activity Company (the "Company") is a private company limited by shares, registered in Ireland. The address of the registered office is 10 Ely Place, Dublin 2

2. Statement of compliance

These Directors' Report and Audited Financial Statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Irish statute comprising the Companies Act 2014.

3. Accounting policies and measurement bases

Basis of preparation

The Audited Financial Statements have been prepared on the historical cost basis.

The Audited Financial Statements are prepared in Euro, which is the functional currency of the entity.

Amounts in the Audited Financial Statements are rounded to the nearest thousand.

Disclosure exemptions

Disclosure exemptions availed of

Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows.

Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

Exemption from the requirement of FRS 102 paragraph 33.1A to disclose related party transactions with other companies that are wholly owned within the group.

Going concern

At 30 April 2023 the Company had net current assets of €10,387,173 and net assets of €2,055,816,107. The Directors have formed a judgement at the time of preparing these financial statements, that there is reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that the Company will be a going concern for at least twelve months from approving the financial statements.

Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, 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 financial period in which the estimate is revised if the revision affects only that financial period, or in the financial period of the revision and future financial periods if the revision affects both current and future financial periods.

The following judgement has had the most significant effect on the amounts recognised in the financial statements;

Impairment of debtor balances

A review for indicators of impairment is carried out at each reporting date. Management applies judgement in determining if there is objective evidence of impairment. Where objective evidence of impairment exists, management estimates the recoverable value by estimating future cash flows

DS Smith Ireland Treasury Designated Activity Company

Notes to the Directors' report and audited financial statements (continued) Financial period ended 30 April 2023

from the debtor balances and discounting those future cash flows using the current effective interest rate. The difference between the recoverable value and the carrying amount is recognised as an

3. Accounting policies and measurement bases (continued)

impairment loss. Prior impairments are also reviewed for possible reversal at each reporting date. Refer to note 12 for further details on debtors falling due within one year and falling due after more than one year.

Key source of estimation uncertainty

Aside from the assessment of the allowance for impairment of debtor balances, as previously described above, there are no key sources of estimation uncertainty in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Taxation

Income tax on the profit or loss for the period comprises current 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 period, using tax rates substantively enacted at the reporting date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise.

Recognition of Interest

Interest earned on deposits from banks and loans to Group companies is calculated using the effective interest rate method and credited to the statement of comprehensive income on an accruals basis. Interest arising on borrowings and on loans from Group companies is charged to the statement of comprehensive income on an accruals basis using the effective interest rate.

Trade and other debtors

Trade and other debtors are initially recognised at transaction price and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks.

Loans to Group undertakings

Loans and receivables are non-derivative financial assets that are not quoted in an active market, do not qualify as trading assets and have not been designated at either fair value through profit or loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Foreign exchange gains and losses are also recognised in the statement of comprehensive income

Accruals and expenses

Expenses are accrued on the basis of expected operational costs for the period.

DS Smith Ireland Treasury Designated Activity Company

Notes to the Directors' report and audited financial statements (continued) Financial period ended 30 April 2023

4. Net interest income

Net interest income arises from:

	2023 €'000
Interest income on loans to Group undertakings	87,427
Bank interest expense	(2)
	87,425

An analysis of interest income by business operation is given below:

	2023 €'000
DS Smith Packaging International BV	28,855
DS Smith Topposite BV	10,300
DS Smith Stange BV and Co KG	24,369
DS Smith International Ltd.	1,625
DS Smith Holdings Ltd.	20,639
DS Smith PLC	1,543
UAB DS Smith Packaging Lithuania	97
	87,427

5. Administrative expenses

	2023 €'000
Fees payable for the audit of the financial statements	40
Wages and salaries	71
Rent payable	72
Directors' remuneration	43
Legal and professional	89
Other expenses	3
	318

6. Auditors remuneration

	2023 €'000
Audit of the financial statements	40

There were no fees paid related to non-audit services during the period.

DS Smith Ireland Treasury Designated Activity Company

Notes to the Directors' report and audited financial statements (continued) Financial period ended 30 April 2023

7. Staff costs

The average number of persons employed by the company during the financial period was as follows:

	2023 Number
Treasury	1

The aggregate payroll costs incurred during the financial period were:

	2023 €'000
Wages and salaries	71

8. Directors' remuneration

The directors aggregate remuneration was as follows:

	2023 €'000
Emoluments in respect of qualifying services	43

9. Tax on profit

Major components of tax expense

	2023 €'000
Current tax:	
Irish current tax expense	10,888
Tax on profit	10,888

Reconciliation of tax expense

The tax assessed on the profit for the financial period is the same as the standard rate of corporation tax in Ireland of 12.50%.

Profit before tax	87,107
Profit multiplied by rate of tax	10,888

10. Appropriations of profit and loss account

	2023 €'000
At the start of the financial period	-
Profit for the financial period	76,219
At the end of the financial period	76,219

DS Smith Ireland Treasury Designated Activity Company

Notes to the Directors' report and audited financial statements (continued) Financial period ended 30 April 2023

11. Loans to group undertakings – non-current

The carrying amount for each loan is as follows:

	2023 €'000
DS Smith Packaging International BV	764,099
DS Smith Topposite BV	216,695
DS Smith Stange BV and Co KG	473,954
DS Smith International Ltd.	34,124
DS Smith Holdings Ltd.	433,377
DS Smith PLC	116,880
UAB DS Smith Packaging Lithuania	6,300
	2,045,429

Loans to group companies by country

	2023 €'000
Netherlands	980,794
Germany	473,954
United Kingdom	584,381
Lithuania	6,300
	2,045,429

The amounts owed by Group undertakings bear interest at EURIBOR plus a margin ranging from 0.78% to 4.00%. Loans to Group undertakings are included at the carrying value with no provision for impairment. Maturity profile of the loans is 2 to 5 years.

12. Debtors

Debtors falling due within one year are as follows:

	2023 €'000
Amounts owed by group undertakings	11,569
Prepayments	7
	11,576

DS Smith Ireland Treasury Designated Activity Company

Notes to the Directors' report and audited financial statements (continued) Financial period ended 30 April 2023

13. Creditors

Debtors falling due within one year
are as follows:

	2023
	€'000
Other creditors	1
Corporation tax	1,198
Accruals	25
	1,224

14. Share capital

	2023	
Authorised share capital	Number	€
Ordinary shares of €1.00 each	2,000,000	2,000,000
	2,000,000	2,000,000

	2023	
Amounts presented in equity	Number	€
Ordinary shares of €1.00 each	102	102
	102	102

As part of a Contribution and Assignment agreement entered into by the Company and its sole shareholder on 15 March 2022, the shareholder contributed its right, title, benefit and interest in the loans to group undertakings to the Company. In consideration of this contribution, the Company issued ordinary shares with a nominal value of €1.00 and the surplus value of €1,979,596,957 being recorded as share premium

15. Reserves

The profit and loss account represents cumulative gains and losses recognised in the profit and loss account, net of transfers to/from other reserves and dividends paid.

16. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2023
	€'000
Not later than 1 year	33

The Company holds a short term lease on the property occupied at 10 Ely Place. The Company paid €71,943 in rent during the financial period.

DS Smith Ireland Treasury Designated Activity Company

Notes to the Directors' report and audited financial statements (continued) Financial period ended 30 April 2023

17. Contingent assets and liabilities

There are no contingent assets or liabilities or guarantees in place at the financial period end.

18. Events after the end of the reporting period

There have been no significant events since the reporting date.

19. Related party transactions

The Company has availed of the exemption provided in FRS 102 Section 33 Related Party Disclosures not to disclose transactions entered into with fellow group companies that are wholly owned within the group of companies of which the Company is a wholly owned member. Related party transactions are detailed in note 11 and 12.

20. Controlling party

The Company's immediate holding company DS Smith (Luxembourg) S.a r.l., is incorporated and operates in Luxembourg. The Company's ultimate parent company, DS Smith Plc, is incorporated and operates in the United Kingdom.

21. Financial risk management

The Company's operations expose it to different financial risks that include credit risk and liquidity risk. The Company has a risk management program in place which seeks to limit the impact of these risks on its financial performance. The Directors have determined the policies for managing these risks. It is the policy of the Directors to manage these risks in a non-speculative manner.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Directors have embedded these structures and procedures throughout the Company's operations and considers these to be a robust and efficient mechanism for creating a culture of risk awareness throughout the business.

Credit risk

Credit risk arises from credit to group undertakings arising on outstanding receivables detailed in notes 11 and 12. Recoverability of these receivables is reviewed regularly against the statement of financial position of the counterparty. If required, credit risk is further mitigated through a letter of support for the parent undertaking.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

DS Smith Ireland Treasury Designated Activity Company

Notes to the Directors' report and audited financial statements (continued) Financial period ended 30 April 2023

21. Financial risk management (continued)

Interest rate risk

The Company is exposed to interest rate risk in respect of debt instrument with a variable interest rate; however, interest rates are reset on an annual basis and there are sufficient margins built into the agreements to ensure that the Company is earning sufficient income. A 10% increase in the interest rates with all other variables remaining constant would increase the interest income by €8,742,502. Conversely, if the interest rates decreased by 10%, this would have resulted in an equal but opposite effect.

22. Approval of financial statements

The board of directors approved these Directors' Report and Audited Financial Statements for issue on 13 July 2023.