Appendix 4D

Sims Limited
ABN 69 114 838 630
Half Year Report

Results for announcement to the market

Current period: Half year ended 31 December 2023
Prior corresponding period: Half year ended 31 December 2022

Results A$M				Half year ended 31 December 2023		2022
Sales Revenue	Up	7.4%	to	4,114.4	from	3,831.2
Net profit for the period attributable to members	Down	(34.9)%	to	65.8	from	101.0

Dividends (A¢)	Cents per Security	% Franked per Security
2023 Final Dividend	21.00	100%
2024 Interim Dividend	Nil	N/A

Net tangible assets (A$)	31 December 2023	31 December 2022
Net tangible asset per security	12.40	12.58

For further explanation of the above figures, please refer to the Directors' Report and the consolidated financial report, press release and market presentation filed with the Australian Securities Exchange Limited ("ASX").

The remainder of the information required by Listing Rule 4.2A is contained in the attached additional information.

The accompanying half year financial report has been reviewed by Deloitte Touche Tohmatsu. A signed copy of their review report is included in the financial report.

CONTENTS

DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Sims Limited (the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2023 ("HY24").

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial period comprised (1) the buying, processing, and selling of ferrous and non-ferrous recycled metals, and (2) the provision of environmentally responsible solutions for the disposal of post-consumer electronic products, including IT assets repurposed or recycled for commercial customers. The Group's principal activities remain unchanged from the previous financial year.

DIRECTORS

The persons listed below were Directors of the Company during the half year and up to the date of this report:

Name	Title
Managing Director:	
Stephen Mikkelsen[1]	Group Chief Executive Officer and Managing Director
Alistair Field[2]	Former Group Chief Executive Officer and Managing Director
Non-Executive Directors:	
Geoffrey N Brunsdon	Chairperson and Independent Non-Executive Director
Philip Bainbridge	Independent Non-Executive Director
Thomas Gorman	Independent Non-Executive Director
Hiroyuki Kato	Non-independent Non-Executive Director
Georgia Nelson[3]	Independent Non-Executive Director
Deborah O'Toole	Independent Non-Executive Director
Victoria Binns	Independent Non-Executive Director
Kathy Hirschfeld[4]	Independent Non-Executive Director

[1] Mr. Mikkelsen was appointed to the Board of Directors on 1 October 2023.
[2] Mr. Field resigned from the Board of Directors on 1 October 2023.
[3] Ms. Nelson retired from the Board of Directors on 1 November 2023.
[4] Ms. Hirschfeld was appointed to the Board of Directors on 1 September 2023 and re-elected at the Annual General Meeting on 1 November 2023.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW

Disclosing Non-IFRS Financial Information (unaudited)

(A$M UNLESS OTHERWISE DEFINED)	HY24	HY23	CHANGE
Financial Performance metrics			
Sales revenue	**4,114.4**	3,831.2	7.4%
Statutory earnings before interest, tax, depreciation and amortisation ("EBITDA")	**284.7**	270.2	5.4%
Significant items, and the impact of non-qualifying hedges	**150.4**	70.1	114.6%
Underlying EBITDA[1]	**134.3**	200.1	(32.9%)
Depreciation expense	**(116.7)**	(104.6)	11.6%
Amortisation expense	**(4.2)**	(2.2)	90.9%
Statutory earnings before interest and tax ("EBIT")	**163.8**	163.4	0.2%
Underlying EBIT[1]	**13.4**	93.3	(85.6%)
Net interest expense	**(23.7)**	(12.6)	88.1%
Statutory income tax expense	**(74.3)**	(49.8)	49.2%
Statutory net profit after tax ("NPAT")	**65.8**	101.0	(34.9%)
Statutory diluted earnings per share ("EPS") (cents)	**33.5**	51.2	(34.6%)
Interim dividends per share (cents)	**Nil**	14.0	—%
Financial Position metrics			
Net assets	**2,644.4**	2,562.2	3.2%
Net cash	**(333.5)**	(33.3)	nmf[5]
Total capital[2]	**2,977.9**	2,595.5	14.7%
Average non-current assets excluding lease-related assets and deferred tax assets	**2,368.6**	2,169.4	9.2%
Return on productive assets (%)[3]	**1.1 %**	8.6 %	(7.5ppts)
Net tangible assets	**2,396.4**	2,429.3	(1.4%)
Net tangible assets per share	**12.40**	12.58	(1.4%)
Other Key metrics			
Net cash inflow from operating activities	**101.8**	322.0	(68.4%)
Capital expenditures	**93.1**	127.2	(26.8%)
Free cash flow after capital expenditures[4]	**8.7**	194.8	(95.5%)
Employees	**4,605**	4,201	9.6%
Proprietary sales tonnes ('000)	**3,911**	3,995	(2.1%)

1 Underlying EBITDA and underlying EBIT exclude significant items, the impact of non-qualifying hedges and internal recharges.
2 Total capital = net assets – net cash.
3 Return on productive assets = underlying EBIT/average of opening non-current assets and ending non-current assets excluding right of use assets arising from AASB16 Leases and deferred tax assets.
4 Free cash flow after capital expenditures = operating cash flow – capital expenditures.
5 nmf - non meaningful figure

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Sensitivity to movements in foreign exchange rates

The principal currencies in which the Group's subsidiaries conduct business are United States ("US$") dollars, Australian dollars ("A$"), Euros and British pounds sterling. Although the Group's reporting currency is the Australian dollar, a significant portion of the Group's sales and purchases are in currencies other than the Australian dollar. In addition, significant portions of the Group's net assets are denominated in currencies other than the Australian dollar.

The Group's consolidated financial position, results of operations, and cash flows may be materially affected by movements in the exchange rate between the Australian dollar and the respective local currencies to which its subsidiaries are exposed.

Some of the results discussed below are presented on a "constant currency" basis, which means that the current period results are translated into Australian dollars using applicable exchange rates in the prior year corresponding period. This allows for a relative performance comparison between the two periods before the translation impact of currency fluctuations.

Foreign exchange rates compared with the prior corresponding periods for the major currencies that affect the Group's results are as follows:

	AVERAGE RATE			CLOSING RATE - AS AT		
	HY24	HY23	Change	31 DECEMBER 2023	30 JUNE 2023	Change
US dollar	**0.6528**	0.6705	(2.6%)	**0.6810**	0.6814	(0.1%)
Euro	**0.6033**	0.6612	(8.8%)	**0.6171**	0.6366	(3.1%)
Pound sterling	**0.5207**	0.5704	(8.7%)	**0.5350**	0.5632	(5.0%)

All balances are denominated in Australian dollars unless otherwise stated.

Summary

INTAKE VOLUMES	HALF YEAR ENDED		
TONNES ,000	31 DECEMBER 2023	31 DECEMBER 2022	CHANGE
North America Metal	**2,474**	2,323	6.5%
Australia / New Zealand Metal	**863**	776	11.2%
UK Metal	**597**	677	(11.8%)
Total Proprietary Volumes	**3,934**	3,776	4.2%
Global Trading Operations and other	**564**	607	(7.1%)
Total Intake Volume	**4,498**	4,383	2.6%

Shrunk intake volumes, excluding brokerage tonnes, ("proprietary intake volumes") increased by 4.2% to 3.9 million tonnes in HY24 in comparison to HY23 levels. ANZ experienced solid intake growth, benefiting from a robust domestic ferrous market. Intake volumes in North American Metal ("NAM"), excluding the impact of Baltimore Scrap and Northeast Metal Traders acquisitions, were flat due to challenging market dynamics. The UK Metal's ("UKM") business was also impacted by challenging markets and increased competition for scrap from short supply.

SALES VOLUMES	HALF YEAR ENDED		
TONNES ,000	31 DECEMBER 2023	31 DECEMBER 2022	CHANGE
North America Metal	**2,470**	2,451	0.8%
Australia / New Zealand Metal	**878**	800	9.8%
UK Metal	**563**	744	(24.3%)
Total Proprietary Volumes	**3,911**	3,995	(2.1%)
Global Trading Operations and other	**559**	578	(3.3%)
Total Sales Volume	**4,470**	4,573	(2.3%)

Proprietary sales volumes decreased 2.1%. Sales in the ANZ market were strong during the period. However, export facing demand was weak, impacting sales volumes in UKM, decreasing by 24.3% and to a lesser extent, NAM. Sales volumes in NAM, excluding acquisitions, were down by 4.5%

OPERATING AND FINANCIAL REVIEW (continued)

Financial Performance

Sales revenue of $4,114.4 million in HY24 was up 7.4% compared to sales revenue of $3,831.2 million in HY23. At constant currency, sales revenue was up 4.1%. Sales volumes were down slightly on the prior corresponding period, with acquisition volumes mitigating the negative effects of challenging export markets. Excluding acquisitions, the decline in sales volumes was 4.9%. Sims Lifecycle Services revenues were 4.5% lower in HY24 compared to the prior corresponding period, which included $18.0 million in revenues from Sims Precious Metals (now reallocated).

Statutory EBIT in HY24 was $163.8 million compared to $163.4 million in HY23. At constant currency, HY24 statutory EBIT was $165.4 million. HY24 Underlying EBIT of $13.4 million was $79.9 million lower than HY23. With the exception of Sims Lifecycle Services ('SLS'), underlying earnings reduced across all businesses due to lower trading margins in Sims Metal and continued inflationary pressures. The statutory result included a gain of $170.4 million (net of transaction costs) following the disposal of Sims interest in the LMS business. Statutory income tax expense was $74.3 million compared to $49.8 million in HY23. The current period tax expense included the tax payable on the gain from the LMS sale, and was impacted by an inability to utilise deferred tax losses from UKM.

Statutory NPAT in HY24 was $65.8 million compared to $101.0 million in HY23. Net interest expense of $23.7 million was $11.1 million higher than HY23, due to increased funding rates and higher debt levels during the period, which were subsequently reduced by period-end. Statutory EBITDA in HY24 was $284.7 million compared to $270.2 million in HY23. Refer to the Reconciliation of Statutory Results to Underlying Results included herein for more information.

Statutory diluted EPS was 33.5 cents in HY24 compared to 51.2 cents in HY23. The weighted average number of basic shares during HY24 decreased by 0.3 million shares compared to HY23 as shares bought back during HY23 exceeded the number of shares issued under long-term incentive plans ("LTIP") and no further buybacks occurred in HY24. The Company also leveraged its employee share ownership program trust for certain shares issued under the LTIP.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

External Operating Environment

Sims Metal

The metal scrap industry faced a challenging market environment throughout the HY24. However, the severity of these challenges was not evenly spread across the globe, nor within regions. Steel demand in the US was solid, driven by steel intensive construction resulting from the Inflation Reduction Act. Steel demand in the rest of the world experienced a significant weakening due to the broader slowdown in manufacturing activity and regional conflicts, creating pricing uncertainty.

The Turkish metal scrap market confronted a number of hurdles, including increased steel exports from China – where exports increased by 34% YoY in CY23[1] - and ongoing conflicts such as the Israel-Gaza conflict, which disrupted trade flows. In the United States, a temporary disruption occurred due to a strike by the United Auto Workers, impacting the metal scrap supply chain and causing market fluctuations.

The seaborne ferrous scrap market was negatively impacted by two significant factors: a global manufacturing slowdown and escalating geopolitical tensions, resulting in a reduction in metal scrap demand in international trade. In contrast, domestically, the more regulated markets like the US and Australia were shielded from the effects of increased Chinese steel exports. In addition, the unique structure of the US market, where a significant proportion of steel is already produced from Electric Arc Furnaces (EAFs), contributed to a sustained demand for scrap as feedstock.

Global manufacturing activity, as indicated by the global Purchasing Managers' Index [2](PMI), contracted for the 16th consecutive month in December 2023. However, cost pressures during HY24 continued to build, as evidenced by still-elevated inflation rates, though cost growth appears to now be easing somewhat.

A slowdown in consumer spending led to a reduction in the availability of post-consumer scrap for recycling, as typically people tend to recycle materials when they make new purchases. In turn, this scarcity created intense competition for metal scrap supply and increased buy-side pressure.

In HY24, average ferrous scrap prices saw a slight 1% increase to US$378/t[3] compared to HY23. Concurrently, steel production rose by 2%[4] over that period. Steel ferrous prices were overall negatively impacted by the weak manufacturing environment. However, recent evidence indicates Turkish steel production rates are recovering significantly from disruptions caused by the earthquakes in February 2023 and earlier currency-related challenges.

In the non-ferrous markets, average zorba prices in the HY24 increased by 8% to US$1,827/t compared to the HY23[4]. Similarly, copper prices increased by 6% to US$8,320/t over this period[3]. Conversely aluminium prices decreased by 6% to US$2,212/t in HY24 compared to HY23[4].

Average bulk freight costs trended upwards in the first half of FY24 compared to the second half of FY23[5]. Freight rates were elevated late in the half by disruptions in the Panama Canal and Red Sea which restricted vessel movements.

The contrast between the strength of the US domestic market and the weakness in the rest of the world, represented by seaborne trade, had different impacts within the Group. NAM and UK Metal, with greater reliance on the export market and dealers, were materially and negatively impacted. ANZ Metal and SA Recycling showed considerable resilience due to their strong domestic sales and procurement of scrap at source. This is explained in more detail in the Operating Segment Results below.

Sims Lifecycle Services

The demand and supply of IT components has started to rebalance driving price increases across Dynamic Random Access Memory (DRAM) and Dual-Inline Memory Modules (DIMM). The growing use of Artificial Intelligence is driving demand for processing power resulting in continued investments in large data centres and refresh of existing data centres. This supported the continued growth of repurposed units now at a 5 million per year run rate and is expected to accelerate over the medium term.

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[1] Statista
[2] Bloomberg
[3] HMS 1/2 (80:20) CFR Turkey
[4] World Steel Assosiation
[5] Argus

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results

North America Metal

	HALF YEAR ENDED			
A$m	31 DECEMBER 2023	31 DECEMBER 2022	CHANGE	CONSTANT CURRENCY CHANGE
Sales revenue	**2,109.4**	1,849.0	14.1%	11.1%
Trading margin	**361.1**	385.4	(6.3%)	(8.8%)
Operating costs (excluding D&A)	**(296.7)**	(287.6)	3.2%	(0.3%)
Underlying EBITDA	**64.4**	97.8	(34.2%)	(33.7%)
Underlying EBIT	**(8.8)**	37.8	(123.3%)	(117.2%)
Proprietary Sales tonnes (thousands)	**2,470**	2,451	0.8%	
Trading margin %	**17.1%**	20.8%	(3.7ppts)	
Underlying EBIT margin %	**(0.4%)**	2.0%	(2.4ppts)	

NAM sales revenue was $2,109.4 million, reflecting a 14.1% increase (11.1% at constant currency) in HY24 compared to the previous corresponding period. Overall revenue increased due to the Northeast Metal acquisition, which lifted non-ferrous supply, contributing to higher average prices. Trading margin was 6.3% lower (8.8% at constant currency) in HY24 compared to HY23. This decrease was attributed to intense competition in sourcing scrap metal and challenging export markets, which impacted both purchase and sales prices.

Operating costs increased by 3.2% to $296.7 million (or (0.3)% at constant currency) in HY24 compared to the previous corresponding period. Inflation cost pressures, and integration costs for Northeast Metal Traders and Baltimore Scrap Corporation, were mostly offset by the introduction of an environmental processing levy on shredder feed.

In HY24, underlying EBIT was a loss of $8.8 million or $6.5 million at constant currency.

Investment in SA Recycling

	HALF YEAR ENDED			
A$m	31 DECEMBER 2023	31 DECEMBER 2022	CHANGE	CONSTANT CURRENCY CHANGE
Sales revenue	**2,287.0**	1,959.7	16.7%	13.6%
Trading margin	**706.9**	625.2	13.1%	10.1%
Operating costs (excluding D&A)	**(495.0)**	(449.2)	10.2%	7.3%
Underlying EBITDA	**211.9**	176.0	20.4%	17.2%
Underlying EBIT	**124.8**	100.4	24.3%	21.0%
Underlying PBT	**119.2**	98.2	21.4%	18.1%
Sims' Interest (50%)	**59.6**	49.1	21.4%	18.1%
Proprietary Sales tonnes (thousands)	**2,431**	2,196	10.7%	
Trading margin %	**30.9%**	31.9%	(1.0ppts)	
Underlying EBIT margin %	**5.5%**	5.1%	0.4ppts	

SAR HY24 sales revenue was up by 16.7% to $2,287.0 million. This growth was driven by higher sales volumes, which included contributions from acquisitions, as well as increased prices. The JV contributed $59.6 million to the Group's underlying EBIT compared to $49.1 million in HY23. At constant currency, the contribution from SAR was $58.0 million.

Trading margin grew by 13.1% due to its focus on the US domestic market, a product mix featuring a strong proportion of zorba and acquisitions. Operating costs were up by 10.2% (7.3% at constant currency) driven by additional volumes, acquisitions and inflationary pressures.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results (continued)

Australia & New Zealand Metal

	HALF YEAR ENDED		
A$m	31 DECEMBER 2023	31 DECEMBER 2022	CHANGE
Sales revenue	**834.3**	732.4	13.9%
Trading margin	**194.2**	189.6	2.4%
Operating costs (excluding D&A)	**(120.9)**	(109.9)	10.0%
Underlying EBITDA	**73.3**	79.7	(8.0%)
Underlying EBIT	**47.3**	53.1	(10.9%)
Proprietary Sales tonnes (thousands)	**878**	800	9.8%
Trading margin (%)	**23.3%**	25.9%	(2.6ppts)
Underlying EBIT margin (%)	**5.7%**	7.3%	(1.6ppts)

ANZ sales revenue of $834.3 million was 13.9% higher in HY24 compared to the prior corresponding period. In HY24 trading margin increased by 2.4% compared to HY23 however increased sales volumes were offset by a decrease in the trading margin percentage. A balanced sales strategy across domestic and export markets partially mitigated the challenges encountered in the export market in HY24.

Operating costs increased by 10.0% in HY24 compared to the prior corresponding period, due to inflationary and labour market pressures and significant increases in waste levies. Labour costs grew in a number of areas as improved labour market conditions enabled a number of critical vacant roles to be filled. The increase in volume resulted in the business incurring higher variable costs.

The business achieved an Underlying EBIT of $47.3 million in HY24, a 10.9% decrease on the prior period.

UK Metal

	HALF YEAR ENDED			
A$m	31 DECEMBER 2023	31 DECEMBER 2022	CHANGE	CONSTANT CURRENCY CHANGE
Sales revenue	**608.8**	700.6	(13.1%)	(20.7%)
Trading margin	**98.1**	96.0	2.2%	(6.8%)
Operating costs (excluding D&A)	**(96.8)**	(86.5)	11.9%	2.2%
Underlying EBITDA	**1.3**	9.5	(86.3%)	(88.4%)
Underlying EBIT	**(12.2)**	(3.6)	nmf	211.1%
Proprietary Sales tonnes (thousands)	**563**	744	(24.3%)	
Trading margin (%)	**16.1%**	13.7%	2.4ppts	
Underlying EBIT margin (%)	**(2.0%)**	(0.5%)	nmf	

HY24 sales revenue of $608.8 million was 13.1% (or 20.7% at constant currency) lower compared to the prior corresponding period. Sales volumes declined by 24.3%. Against a backdrop of tight metal scrap supply, the volume reduction predominantly stemmed from major dealer suppliers.

Trading margin increased by 2.2%, a 6.8% decline at constant currency. The adverse effects of challenging export market conditions were partially contained through the reduction of lower-margin sales to maintain margin percentage.

Operating costs increased by 11.9% (2.2% at constant currency) to $96.8 million in HY24 compared to HY23. The increase was driven mainly by FX rates, continuing inflationary pressures across a number of areas, and increased costs associated with both R&D trials and the subsequent production of low copper shred.

Underlying EBIT was a loss of $12.2 million in HY24 ($11.2 million at constant currency) compared to a loss of $3.6 million in HY23.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results (continued)

Sims Lifecycle Services

	HALF YEAR ENDED		
A$m	31 DECEMBER 2023	31 DECEMBER 2022	CHANGE
Sales revenue	**159.8**	167.4	(4.5%)
Underlying EBITDA	**14.4**	12.2	18.0%
Underlying EBIT	**8.3**	7.0	18.6%
Underlying EBIT margin (%)	**5.2%**	4.2%	1.0ppts
Repurposed units (million)	**2.5**	1.8	38.9ppts

HY24 sales revenue was $159.8 million, representing a decrease of 4.5% compared to HY23. The decline was mainly the result of the integration of Sims Precious Metals into the Metal business (revenue of $18.0m)[1]. Excluding this factor, revenue was up by 7.0%.

SLS's volume of repurposed units processed grew by 38.9% compared to the prior corresponding period. There was a favourable shift in market conditions as hyperscaler activity gained momentum. This led to an expansion of the customer base and allowed for diversification through the addition of new clients.

Underlying EBIT was $8.3 million, and EBIT margin grew by 1.0ppts in HY24. The improvement reflected effective cost control measures and repurposed units growth. Additionally, resale prices stabilised as they began to return to more normalised levels.

Corporate and Other (Underlying EBIT)

	HALF YEAR ENDED		
A$m	31 DECEMBER 2023	31 DECEMBER 2022	CHANGE
Global Trading Operations	**(14.0)**	(11.8)	18.6 %
Energy	**0.5**	15.8	(96.8)%
Resource Renewal	**(4.9)**	(3.8)	28.9 %
Corporate	**(62.4)**	(50.3)	24.1 %

Global Trading Operation's underlying EBIT loss of $14.0 million during HY24 was higher than in the prior year due to foreign exchange losses realised during the period. Operating costs and brokerage volumes were substantially in line with the prior period.

Energy EBIT included the Company's 50% interest in the landfill gas extraction and power generation assets in Australia and the United States. These interests were disposed of during the period with earnings for these businesses no longer included in group results from 30 November 2023. The current period result was impacted by lower values for environmental credits received during the half.

Costs relating to Resource Renewal's activities were higher during the period as the Queensland demonstration plant moved into its trial phase.

An increase in Corporate costs to $62.4 million primarily related to corporate initiatives including ERP development costs and cybersecurity system upgrades, while unfavourable currency movements added circa $2 million to costs. Also included were final compensation payments for the retirement of two senior executives.

In HY24, a cost reduction program was commenced to reduce the Group's cost base, targeting annual savings ranging from $70 million to $90 million across the Group, including Corporate divisions. It is anticipated that Corporate costs will revert to prior year levels in 2H FY24.

[1] Given the strategic focus on repurposing data centres, Sims Lifecycle Services relocated its Precious Metals division, specialising in refining precious metal scrap, to Sims Metal from 1 July 2023.

OPERATING AND FINANCIAL REVIEW (continued)

Reconciliation of Statutory Results to Underlying Results (Non-IFRS Information – Unaudited)

	EBITDA[1]		EBIT	
	HY24	HY23	HY24	HY23
A$m				
Statutory earnings	**284.7**	270.2	**163.8**	163.4
Significant items:				
Gain on fair valuation of investment	**—**	(49.2)	**—**	(49.2)
Gain on sale of assets classified as held for sale	**(178.9)**	—	**(178.9)**	—
Gains on asset dispositions	**—**	(36.5)	**—**	(36.5)
Restructuring and redundancies	**4.6**	6.8	**4.6**	6.8
SA Recycling amortisation reversal	**—**	(16.8)	**—**	(16.8)
Non-qualifying hedges	**8.1**	18.9	**8.1**	18.9
Global ERP software implementation costs	**—**	5.5	**—**	5.5
Transaction costs	**15.8**	—	**15.8**	—
Other items	**—**	1.2	**—**	1.2
Underlying earnings[2]	**134.3**	200.1	**13.4**	93.3

The significant item amounts recorded in HY24 include the following:

- Gain on sale of assets classified as held for sale primarily relates to the gain on disposal of Sims' interest in LMS.
- Restructuring and redundancies related to measures to simplify the organisational structure in HY24.
- Non-qualifying hedges reflect the mark-to-market adjustment on commodity hedges held at balance date.
- Transaction costs represents transaction costs incurred in relation to the Baltimore Scrap Corporation acquisition and the disposal of LMS.

Reconciliation of Statutory NPAT to EBIT and EBITDA

A$m	HY24	HY23
Statutory net profit/(loss) after tax	**65.8**	101.0
Interest expense from external borrowings, net of interest income	**17.0**	7.7
Lease liability interest expense	**6.7**	4.9
Income tax expense	**74.3**	49.8
Statutory EBIT	**163.8**	163.4
Depreciation and amortisation, excluding right of use asset depreciation	**76.2**	65.3
Right of use asset depreciation	**44.7**	41.5
Statutory EBITDA	**284.7**	270.2

[1] EBITDA is a measurement of non-IFRS financial information. See table above that reconciles EBITDA to statutory net profit.
[2] Underlying earnings is a non-IFRS measure that is presented to provide an understanding of the underlying performance of the Group. The measure excludes the impacts of impairments and disposals, as well as items that are subject to significant variability from one period to the next. The reconciling items above (before tax) have been extracted from the unaudited interim financial statements.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Cash flow and borrowings

Cash inflow from operating activities was $101.8 million in HY24 compared to $322.0 million during HY23 as a result of the lower earnings and approximately half of HY23 operating cash flow generated through inventory reductions.

Capital expenditures for property, plant and equipment and intangible assets were $93.1 million during HY24 compared to payments of $127.2 million in HY23. Capital expenditures during HY24 were attributed to growth initiatives including expansion of production capability for Alumisource and new site developments, as well as sustaining investments including outlays to improve product quality. The HY24 cash position also included a cash flow distribution of $40.6 million for the final 2023 dividend and $55.0 million for the payment of contingent consideration in relation to the Alumisource acquisition.

At 31 December 2023, the Group had a net debt position of $333.5 million compared to a net debt position of $135.5 million at 30 June 2023. The Group calculates net cash as cash balances less total financial borrowings as follows:

A$m	AS AT 31 DECEMBER 2023	AS AT 30 JUNE 2023
Total cash*	**209.2**	308.7
Less: total financial borrowings	**(542.7)**	(444.2)
Net cash	**(333.5)**	(135.5)

*Total cash includes restricted cash of $36.4 million. Refer to note 7 for further information.

Strategic Developments

Progressing strategic growth plan

Consistent with the growth strategy announced in April 2019, the Company continued to make progress across strategic growth areas during the six months to 31 December 2023:

Initiative	Progress
Metals	Announced the strategic review of UK Metal Continued trials to elevate the quality of materials to meet the requirements of flat steel products. The trials continued to show promising results. First shipments of the product commenced. Other upgrade projects completed in HY24 include: • Polishing plant Adelaide, ANZ • Alloy separation Plant in Alumisource business in Monesson, US • XRT system installed in Long Marston, UK
SA Recycling	Completed five acquisitions: one in Georgia, one Tennessee and one in Alabama, and two in Texas
Lifecycle Services	Deployed various automation projects
Resource Renewal	Moved to the trial phase at the Pilot Resource Renewal facility at Rocklea in Queensland
Sims Municipal Recycling	Progressed options for the sale of the Company's residual interest
LMS	Closed the sale of LMS

The Company is in a good position to further advance its strategy during the balance of FY24 and beyond.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Outlook and Market Drivers

The Company remains confident in the business's medium and long-term fundamentals.

In the short-term, underlying EBIT is expected to improve in H2 FY24 compared to H1 FY24, including $25 million from cost reductions.

Initiatives have commenced to increase both domestic sales channels and unprocessed material in the USA. Demand for scrap in the USA is expected to remain robust, supporting prices.

ANZ and SAR are expected to continue delivering solid results and SLS's momentum leading into December 2023 is also set to continue. The material risks to an anticipated improvement in H2 FY24 include:

- Strong competition for limited scrap supply persists, reducing margin.
- Geopolitical tensions remain high, resulting in volatility in export demand, prices, and freight costs.
- Inflation remains 'sticky' placing further pressure on costs that cannot be fully mitigated by the Company's costs reduction initiatives.

<u>Macro-trends</u>

The Company remains confident in the medium and long-term fundamentals.

- Metal-intensive infrastructure spending continues to drive medium to long-term demand for scrap metal.
- The global decarbonisation of steelmaking, growth of EAFs, and electricity generation industries will drive the demand for recycled metal.
- The fundamental drivers of cloud infrastructure recycling remain positive over the medium and long term.

It is worth noting that there are risks to the materialisation of these positive drivers, particularly as it relates to global uncertainty from geopolitical risks and macroeconomic factors.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulations and reporting requirements in Australia as well as other countries in which it operates. The Group has environmental licenses and consents in place at various operating sites as prescribed by relevant environmental laws and regulations in respective jurisdictions. Conditions associated with these licenses and consents include those which stipulate environmental monitoring requirements and reporting limits to monitor conformance with the requirements of such licenses and consents.

Under Australian environmental regulation, an entity is required to provide a summary of its environmental performance as per s299(1)(f) of the Corporations Act 2001. Further information on the Company's environmental performance is set out in the Group's Annual Sustainability Report. On 10 October 2023, the Group lodged its 2023 Sustainability report on the ASX. A copy of the report can be viewed at https://www.simsltd.com/investors/reports.

Additionally, the Group's Australian operations are subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 ("NGER"). The NGER Act requires the Group to report its annual greenhouse emissions and energy use of its Australian operations. Similarly, the Group's UK operations are subject to the reporting requirements of the companies and limited liability partnerships in complying with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which require non-quoted large companies, such as Sims Limited, to report on its UK energy use and associated greenhouse gas emissions. The Group has implemented systems and processes for the collection and calculation of the data required so as to prepare and submit the relevant report to the Clean Energy Regulator in Australia and include in its Directors' report as part of its UK filing obligations annually.

In the last six months, there have been no material exposures to the risk of breaches of environmental permits conditions or legislation.

CLIMATE CHANGE RAMIFICATIONS

The Group recognises that climate change may have a meaningful impact on the financial performance of the Group over time, and the Group have begun the process of identifying key risks and developing actions to mitigate their impact. The Group have adopted the Task Force on Climate-related Financial Disclosures recommendations ("TCFD") and published the Group's first TCFD aligned disclosures in 2021. From 2022, these disclosures were integrated into a comprehensive Climate Report. The Climate Report for 2023 was lodged on the ASX on 10 October 2023. The 2022 report was submitted to a non-binding advisory vote at the 2022 AGM, where 89.6 percent of issued capital was voted in favour of the plan. A copy of these reports can be viewed at https://www.simsltd.com/investors/reports.

For Sims, climate change matters are influenced by changes in regulations, public policy and physical climate parameters, as well as our own targets. These are elaborated upon as follows:

Regulations

Regulations include cap and trade schemes, emissions limits and taxes on GHG emissions. The potential impacts range between increased cost of purchased energy, capital costs needed for the electrification of equipment or lower emissions equipment, and cost associated with a potential carbon tax. While it is difficult to estimate the potential impact of future regulations on energy prices, Sims will work on decreasing the potential impact by optimising Sims' energy use and lessening reliance on fossil fuel sources. Sims has implemented a shadow carbon price to help us better understand the potential impact of external carbon pricing on our business. The Group's approach is described in the Climate Report. Sims has not experienced any material impact related to these potential regulations but will continue to evaluate and monitor future development.

Public Policy

As awareness on the impacts of climate change continues to grow, so are the commitments by companies and governments to achieve carbon neutrality. Since operating across the globe, the Group will need to meet those international commitments. Sims supports the efforts endorsed by the European Council in December 2019 to make the EU climate-neutral by 2050 and by the U.S. and Australia to achieve net-zero greenhouse gas emissions by no later than 2050, in line with the Paris Agreement. Sims remains committed to curbing its own emissions and reach net zero by 2050 as it executes its purpose: "Create a world without waste to preserve our planet". In 2022, Sims committed to the Action Declaration on Climate Policy Engagement, ensuring our climate policy engagement supports governments in addressing climate change. In 2023, the Group again undertook a review of the climate policy positions of Sims' industry associations to establish if there were any instances of material misalignment of their positions with Sims Limited's energy and climate policy. None were found. More details of this review are available on the Group's website. In 2023, Sims Limited became a UN Global Compact signatory, which is a non-binding United Nations pact to get businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

Physical Risks

The key risks identified centre around the potential for increased, and more extreme, weather events impacting:

1. health and safety issues for employees operating on sites (extreme heat);
2. productivity from workers and machinery may decrease (extreme heat);
3. sites operations, docks, material handling and the transportation of products (intense rain and cyclone events); and
4. inability to perform dust suppression activities (reduced water availability).

In FY21, the Group developed and published its climate change-related targets to support GHG emissions mitigation across the Group's operations, which were updated in FY22. The Group is committed to reduce by 23% carbon emissions in its operations in absolute by FY25. In addition, Sims also has committed to have its operations powered by 100% renewable energy by FY25 and to have its SLS division become carbon neutral by FY25. In addition, Sims has also pulled forward its carbon neutrality goal by 12 years from 2042 to 2030 and remains committed to achieving net zero by 2050.

DIRECTORS' REPORT (continued)

DIVIDENDS

The Directors have determined not to pay an interim dividend for the half year.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstances, other than that referred to in the Interim financial reports or notes thereto, that has arisen since the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

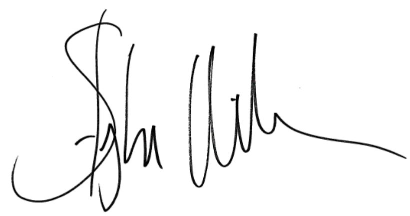
The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14 and forms part of the Directors' Report for the half year ended 31 December 2023.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest tenth of a million dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors.

G N Brunsdon
Chairperson
Sydney
20 February 2024



S Mikkelsen
Managing Director and Group CEO
Sydney
20 February 2024

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20 February 2024

The Board of Directors
Sims Limited
Level 9, 189 O'Riordan Street
Mascot NSW 2020

Dear Board Members

Auditor's Independence Declaration to Sims Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Sims Limited.

As lead audit partner for the review of the consolidated financial statements of Sims Limited for the half year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants

Condensed Consolidated Income Statement

For the half year ended 31 December 2023

	NOTE	HALF YEAR ENDED 31 DECEMBER 2023 A$M	2022 A$M
Revenue	2c	**4,127.9**	3,841.7
Other income	4	**196.1**	93.1
Raw materials used and changes in inventories		**(3,035.8)**	(2,657.6)
Freight expense		**(307.2)**	(400.9)
Employee benefits expense		**(389.9)**	(327.6)
Depreciation and amortisation expense	4	**(120.9)**	(106.8)
Repairs and maintenance expense		**(54.4)**	(57.6)
Other expenses		**(301.8)**	(295.9)
Finance costs		**(31.9)**	(15.3)
Share of results of joint ventures		**58.0**	77.7
Profit before income tax		**140.1**	150.8
Income tax expense	5	**(74.3)**	(49.8)
Profit for the half year		**65.8**	101.0

		A¢	A¢
Earnings per share			
Basic	6	**34.1**	52.2
Diluted	6	**33.5**	51.2

The consolidated income statement should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2023

	NOTE	HALF YEAR ENDED 31 DECEMBER 2023 A$M	2022 A$M
Profit for the half year		**65.8**	101.0
Other comprehensive (loss)/ income:			
Items that may be reclassified to profit or loss:			
Changes in the fair value of cash flow hedges of an equity method investment, net of tax		**—**	—
Foreign exchange translation differences arising during the period, net of tax		**(34.7)**	32.0
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit plans, net of tax		**(1.9)**	(4.7)
Other comprehensive (loss)/income for the year, net of tax		**(36.6)**	27.3
Total comprehensive income for the year		**29.2**	128.3

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	NOTE	31 DECEMBER 2023 A$M	30 JUNE 2023 A$M
Current assets			
Cash and cash equivalents	7	**209.2**	308.7
Trade and other receivables		**769.1**	716.2
Inventory		**712.0**	707.6
Other financial assets		**14.4**	39.4
Assets classified as held for sale	8	**95.6**	189.5
Total current assets		**1,800.3**	1,961.4
Non-current assets			
Investments in joint ventures	11	**588.7**	599.8
Other financial assets		**96.6**	101.4
Right of use assets		**303.9**	314.3
Property, plant and equipment		**1,581.0**	1,433.4
Retirement benefit assets		**0.5**	1.7
Deferred tax assets		**144.7**	145.7
Intangible assets		**248.0**	148.0
Total non-current assets		**2,963.4**	2,744.3
Total assets		**4,763.7**	4,705.7
Current liabilities			
Trade and other payables		**808.0**	838.1
Lease liabilities		**83.6**	82.1
Current tax liabilities		**95.7**	33.3
Provisions		**97.4**	140.0
Total current liabilities		**1,084.7**	1,093.5
Non-current liabilities			
Payables		**22.0**	21.4
Borrowings		**542.7**	444.2
Lease liabilities		**269.7**	278.5
Deferred tax liabilities		**149.5**	156.0
Provisions		**48.3**	53.4
Retirement benefit obligations		**2.4**	2.0
Total non-current liabilities		**1,034.6**	955.5
Total liabilities		**2,119.3**	2,049.0
Net assets		**2,644.4**	2,656.7
Equity			
Contributed equity	9	**2,592.9**	2,575.6
Reserves	9	**406.4**	430.1
Accumulated deficit		**(354.9)**	(349.0)
Total equity		**2,644.4**	2,656.7

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2023

	NOTE	CONTRIBUTED EQUITY A$m	RESERVES A$m	ACCUMULATED DEFICIT A$m	TOTAL EQUITY A$m
Balance at 1 July 2022		2,583.2	325.7	(371.4)	2,537.5
Income for the half year		—	—	101.0	101.0
Other comprehensive income		—	32.0	(4.7)	27.3
Total comprehensive income for the half year		—	32.0	96.3	128.3
Transactions with owners in their capacity as owners:					
Movement in treasury shares held by trust		22.2	—	(22.9)	(0.7)
Dividends paid	3	—	—	(96.6)	(96.6)
Share-based payments expense, net of tax		—	8.3	—	8.3
Buy-back of ordinary shares	9	(14.6)	—	—	(14.6)
		7.6	8.3	(119.5)	(103.6)
Balance at 31 December 2022		2,590.8	366.0	(394.6)	2,562.2
Balance at 1 July 2023		**2,575.6**	**430.1**	**(349.0)**	**2,656.7**
Income for the half year		**—**	**—**	**65.8**	**65.8**
Other comprehensive loss		**—**	**(34.7)**	**(1.9)**	**(36.6)**
Total comprehensive income for the half year		**—**	**(34.7)**	**63.9**	**29.2**
Transactions with owners in their capacity as owners:					
Movement in treasury shares held by trust	9	**17.3**	**—**	**(29.2)**	**(11.9)**
Dividends paid	3	**—**	**—**	**(40.6)**	**(40.6)**
Share-based payments expense, net of tax		**—**	**11.0**	**—**	**11.0**
		17.3	**11.0**	**(69.8)**	**(41.5)**
Balance at 31 December 2023		**2,592.9**	**406.4**	**(354.9)**	**2,644.4**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the half year ended 31 December 2023

	NOTE	HALF YEAR ENDED 31 DECEMBER 2023 A$M	2022 A$M
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**4,090.4**	3,891.6
Payments to suppliers and employees (inclusive of goods and services tax)		**(3,999.3)**	(3,605.6)
		91.1	286.0
Interest received		**8.1**	2.7
Interest paid		**(28.6)**	(15.4)
Dividends received from joint ventures		**53.2**	80.2
Grant income received		**—**	0.2
Income taxes received		**1.5**	1.7
Income taxes paid		**(23.5)**	(33.4)
Net cash inflows from operating activities		**101.8**	322.0
Cash flows from investing activities			
Payments for property, plant and equipment		**(93.1)**	(126.3)
Payments for intangible assets		**—**	(0.9)
Payments for other financial assets		**(1.0)**	(5.3)
Proceeds from sale of other financial assets		**6.6**	0.8
Proceeds from sale of assets held for sale		**259.1**	—
Proceeds from sale of property, plant and equipment		**4.1**	38.5
Payments for businesses, net of cash acquired		**(340.0)**	—
Investment in joint venture		**—**	(6.0)
Payment of contingent consideration	10	**(55.0)**	—
Repayment of loan by related party		**—**	1.5
Net cash outflows from investing activities		**(219.3)**	(97.7)
Cash flows from financing activities			
Proceeds from borrowings		**1,317.3**	265.0
Repayment of borrowings		**(1,204.1)**	(200.8)
Repayment of leases		**(44.1)**	(40.1)
Payments for shares under employee share plan		**(11.9)**	—
Payments for shares bought back	9	**—**	(14.6)
Dividends paid	3	**(40.6)**	(96.6)
Net cash inflows / (outflows) from financing activities		**16.6**	(87.1)
Net (decrease)/increase in cash and cash equivalents		**(100.9)**	137.2
Cash and cash equivalents at the beginning of the half year		**308.7**	252.8
Effects of exchange rate changes on cash and cash equivalents		**1.4**	(2.3)
Cash and cash equivalents at the end of the half year		**209.2**	387.7

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Report

Note 1 - Summary of significant accounting policies

Sims Limited (the "Company") is a for-profit company incorporated and domiciled in Australia. The consolidated financial statements for the half year ended 31 December 2023 ("HY24") comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures.

Basis of preparation

This interim financial report:

- Has been prepared in accordance with Australian Accounting Standards Board ("AASB") 134, Interim Financial Reporting and the Corporations Act 2001;
- Does not include all notes of the type normally included within the annual financial report. As a result, it should be read in conjunction with the annual financial report of the Group for the year ended 30 June 2023 ("FY23 Annual Report"), together with any announcements made by the Group during the half year ended 31 December 2023;
- Has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value;
- Is presented in Australian Dollars;
- Presents all values as rounded to the nearest tenth of a million dollars, unless otherwise stated under ASIC Corporations (rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016;
- There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the half year beginning 1 July 2023 that have a material impact on the amounts recognised in the prior period or will affect current or future periods.

Note 2 - Segment information

(a) Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Group CEO, the Chief Operation Decision Maker (“CODM”).

The Group operates in six principal operating segments: North America Metal (“NAM”), Australia and New Zealand Metal (“ANZ”), UK Metal (“UK”), Global Trading, Investment in SA Recycling (“SAR”) and Sims Lifecycle Services (“SLS”). The segments are based on a combination of factors including geography, products and services. All other operating segments are included within the “Unallocated” segment.

Details of the segments are as follows:

- NAM – comprising subsidiaries and joint ventures in the United States of America and Canada which perform ferrous and non-ferrous secondary recycling functions.
- ANZ – comprising subsidiaries in Australia, New Zealand and Papua New Guinea which perform ferrous and non-ferrous secondary recycling functions.
- UK – comprising subsidiaries in the United Kingdom which perform ferrous and non-ferrous secondary recycling functions.
- Global Trading – comprising the Group’s ferrous and non-ferrous marketing subsidiaries that coordinate sales of ferrous bulk cargo shipments, non-ferrous sales into primarily India, China and Southeast Asia and brokerage sales on behalf of third and related parties.
- SAR – comprising the Group’s share of results from its investment in the SA Recycling joint venture.
- SLS – comprising subsidiaries which provide IT asset and cloud infrastructure reuse, redeployment and recycling in the following countries: Australia, Germany, India, Ireland, Netherlands, Singapore, the United Kingdom and the United States of America.
- Unallocated – comprising unallocated corporate costs, interests in a joint venture in Australia and the United States, Sims Resource Renewal (“SRR”) and Global Sustainability Insurance Corporation, a captive insurance company.

(b) Sales revenue by product

The Group also reports revenues by the following product groups:

- Ferrous secondary recycling – comprising the collection, processing and trading of iron and steel secondary raw material.
- Non-ferrous secondary recycling – comprising the collection, processing and trading of other metal alloys and residues, principally aluminium, lead, copper, zinc, and nickel bearing materials.
- Recycling services – comprises the provision of environmental and data security responsible services for the refurbishment, resale or commodity reclamation of IT assets recycled for commercial and post-consumer suppliers.
- Secondary processing and other services - comprising stevedoring and other sources of service-based revenue.

	HALF YEAR ENDED 31 DECEMBER	
	2023 A$M	2022 A$M
Ferrous secondary recycling	**2,779.7**	2,764.3
Non-ferrous secondary recycling	**1,156.1**	871.7
Recycling services	**159.8**	167.4
Secondary processing and other services	**18.8**	27.8
Total sales revenue	**4,114.4**	3,831.2

Notes to the Condensed Consolidated Financial Report

Note 2 - Segment information (continued)

(c) Information about reportable segments

The following is an analysis of the Group's revenue and results by reportable operating segment:

	NAM A$M	ANZ A$M	UK A$M	GLOBAL TRADING OPERATIONS A$M	SAR A$M	SLS A$M	UNALLO-CATED A$M	Total A$M
Half year ended 31 December 2023								
Total sales revenue	**2,109.4**	**834.3**	**608.8**	**402.1**	**—**	**159.8**	**—**	**4,114.4**
Other revenue	**4.3**	**1.1**	**—**	**0.3**	**0.8**	**0.4**	**6.6**	**13.5**
Total segment revenue	**2,113.7**	**835.4**	**608.8**	**402.4**	**0.8**	**160.2**	**6.6**	**4,127.9**
Segment EBIT[1]	**(36.4)**	**35.3**	**(26.5)**	**2.7**	**59.6**	**6.0**	**123.1**	**163.8**
Interest income								**8.2**
Finance costs								**(31.9)**
Profit before income tax								**140.1**
Half year ended 31 December 2022								
Total sales revenue	1,849.0	732.4	700.6	381.8	—	167.4	—	3,831.2
Other revenue	3.4	3.5	—	0.2	0.8	0.1	2.5	10.5
Total segment revenue	1,852.4	735.9	700.6	382.0	0.8	167.5	2.5	3,841.7
Segment EBIT[1]	48.5	47.6	(14.5)	(9.3)	65.9	(4.0)	29.2	163.4
Interest income								2.7
Finance costs								(15.3)
Profit before income tax								150.8

1 Segment EBIT has been adjusted to reflect the value of services provided by Corporate and Global Trade to operating business segments.

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	NAM A$M	ANZ A$M	UK A$M	GLOBAL TRADING OPERATIONS A$M	SAR A$M	SLS A$M	UNALLO-CATED A$M	Total A$M
As at 31 December 2023								
Assets	**2,111.4**	**954.5**	**432.5**	**124.8**	**578.6**	**143.6**	**418.4**	**4,763.8**
Liabilities	**543.2**	**443.5**	**189.5**	**148.0**	**0.3**	**113.9**	**680.9**	**2,119.3**
Net assets/(liabilities)	**1,568.2**	**511.0**	**243.0**	**(23.2)**	**578.3**	**29.7**	**(262.5)**	**2,644.5**
As at 30 June 2023								
Assets	1,741.4	918.8	448.9	171.7	584.8	177.6	662.5	4,705.7
Liabilities	648.0	502.0	216.5	140.4	0.3	133.3	408.5	2,049.0
Net assets/(liabilities)	1,093.4	416.8	232.4	31.3	584.5	44.3	254.0	2,656.7

Notes to the Condensed Consolidated Financial Report

Note 3 - Dividends

Details of dividends paid are as follows:

	CENTS PER SHARE	FRANKED %	HALF YEAR ENDED 31 DECEMBER 2023 A$M	2022 A$M
Final 2023	**21.0**	**100 %**	**40.6**	96.6
Total dividends paid			**40.6**	96.6

The Directors have determined not to pay an interim dividend.

Note 4 - Items included in profit before income tax

Profit before income tax includes the following items whose disclosures are relevant to explaining the financial performance of the Group:

	HALF YEAR ENDED 31 DECEMBER 2023 A$M	2022 A$M
(a) Other income		
Net gain on commodity and/or currency derivatives	**6.4**	—
Net gain on disposal of property, plant and equipment	**3.6**	36.9
Gain on sale of assets held for sale	**178.9**	49.2
Other	**7.2**	7.0
	196.1	93.1
(b) Specific expenses		
Depreciation and amortisation:		
Depreciation expense, excluding right of use asset depreciation	**72.0**	63.1
Right of use asset depreciation expense	**44.7**	41.5
Amortisation expense	**4.2**	2.2
	120.9	106.8
Net loss on commodity and/or currency derivatives	**—**	7.1
Net foreign exchange (gain) / loss	**10.9**	(5.1)
Equity-settled share-based payments expense	**10.2**	8.0

Notes to the Condensed Consolidated Financial Report

Note 4 - Items included in profit before income tax (continued)

(c) Significant items

	HALF YEAR ENDED 31 DECEMBER	
	2023 A$M	2022 A$M
Gain on fair valuation of investment	—	49.2
Gain on sale of assets classified as held for sale	**178.9**	—
Gains on asset dispositions	—	36.5
Restructuring and redundancies	**(4.6)**	(6.8)
SA Recycling amortisation reversal	—	16.8
Non-qualifying hedges	**(8.1)**	(18.9)
Global ERP software implementation costs	—	(5.5)
Transaction costs	**(15.8)**	—
Other items	—	(1.2)
	150.4	70.1

The major significant item amounts recorded in HY24 include the following:

- Gain on sale of assets classified as held for sale primarily relates to the gain on disposal of Sims' interest in LMS.
- Restructuring and redundancies predominantly related to measures to simplify the organisational structure in HY24.
- Non-qualifying hedges reflect the mark-to-market adjustment on commodity hedges held at balance date.
- Transaction costs represents transaction costs incurred in relation to Baltimore Scrap Corporation acquisition and the disposal of LMS.

Notes to the Condensed Consolidated Financial Report

Note 5 - Income taxes

The prima facie income tax on profit before income tax differs from the income tax in the consolidated income statement and is reconciled as follows:

	HALF YEAR ENDED 31 DECEMBER	
	2023 A$M	2022 A$M
Profit before income tax	**140.1**	150.8
Tax at the standard Australian rate of 30%	**42.0**	45.2
Effect of tax rates in other jurisdictions	**(3.6)**	(11.6)
Deferred tax assets not recognised	**14.4**	12.8
Recognition of tax effect of previously unrecognised tax losses	**(0.6)**	(1.5)
Non-deductible expenses	**5.0**	5.5
Share of net results of joint ventures	**(1.1)**	(5.1)
Share-based payments	**0.5**	0.2
Non-assessable dividend income	**(7.5)**	—
Assessable taxable income from sale of investment	**24.5**	—
Local trade and income taxes	**0.4**	5.3
Adjustments for prior years	**—**	(0.1)
Other	**0.3**	(0.9)
Income tax expense recognised in profit or loss	**74.3**	49.8

At 31 December 2023, the Group has not recognised deferred tax assets totalling $94.3 million (30 June 2023: $88.5 million) as it is not probable that they will be realised. A portion of the unrecognised deferred tax asset relates to unused tax losses of $73.7 million (30 June 2023: $69.1 million) due to either a history of tax losses or it is not considered probable that there will be sufficient future taxable profits to realise the benefit of deferred tax assets within certain subsidiary entities. Unrecognised tax losses include $6.6 million (30 June 2023: $6.7 million) of tax losses that will expire in 5 to 20 years. Other unused tax losses may be carried forward indefinitely.

The Company is in the process of gathering the required information and assessing whether there will be any tax implications from the Pillar Two legislation (Global minimum top-up tax). Any tax exposure cannot be reasonably estimated at this time.

Note 6 - Earnings per share

	HALF YEAR ENDED 31 DECEMBER	
	2023	2022
Basic earnings per share (in A¢)	**34.1**	52.2
Diluted earnings per share (in A¢)	**33.5**	51.2
Weighted average number of shares used in the denominator ('000)		
Basic shares	**193,189**	193,463
Dilutive effect of share-based awards	**3,389**	3,942
Diluted shares	**196,578**	197,405

Notes to the Condensed Consolidated Financial Report

Note 7 - Cash and cash equivalents

	31 DECEMBER 2023 A$M	30 JUNE 2023 A$M
Current:		
Cash at bank and on hand	**172.9**	268.9
Restricted cash[1]	**36.4**	39.8
Cash and cash equivalents	**209.3**	308.7

[1] Restricted cash includes an amount of restricted cash related to captive insurance.

Note 8 - Assets classified as held for sale

	31 DECEMBER 2023 A$M	30 JUNE 2023 A$M
Interest in CLP Circular Services Holdings LLC ("CLP")	**95.6**	97.5
Interest in LMS Energy Pty Ltd ("LMS")	**—**	85.4
Other	**—**	6.6
Assets classified as held for sale	**95.6**	189.5

(a) CLP Circular Services Holdings LLC

The Group has a 12.4% interest in CLP at 31 December 2023 (30 June 2023: 12.4%). This interest is an asset classified as held for sale and is expected to be sold within the current financial year.

(b) LMS Energy Pty Ltd

On 20 September 2023, the Group entered into an agreement for the sale of its 50% interest in LMS for a total consideration of $269.7 million. The transaction was completed on 30 November 2023.

The Group recognised a $170.4 million gain (net of transaction costs of $10.8 million) on disposal of its interest in LMS calculated as the difference between the total consideration and the equity accounted carrying amount of LMS on completion date. This amount is recognised as a significant item in note 4(c).

Notes to the Condensed Consolidated Financial Report

Note 9 - Equity

(a) Contributed equity

Movements in the ordinary share balance were as follows:

	HALF YEAR ENDED 31 DECEMBER 2023 NUMBER OF SHARES	HALF YEAR ENDED 31 DECEMBER 2023 A$M	YEAR ENDED 30 JUNE 2023 NUMBER OF SHARES	YEAR ENDED 30 JUNE 2023 A$M
On issue per share register at the beginning of the period	**193,181,520**	**2,597.1**	194,114,369	2,611.7
Shares bought-back	**—**	**—**	(977,546)	(14.6)
Issued under long-term incentive plans	**28,147**	**—**	44,697	—
On issue per share register at the end of the period	**193,209,667**	**2,597.1**	193,181,520	2,597.1
Less: Treasury shares held at the end of the period	**(273,374)**	**(4.2)**	(1,395,087)	(21.5)
Total contributed equity	**192,936,293**	**2,592.9**	191,786,433	2,575.6

With effect from 1 January 2020, the Company has allowed participants to withhold shares to satisfy applicable tax withholding and exercise costs under the long-term incentive plans.

Excluding shares held in the employee share ownership program trusts, the number of shares held in equity as at 31 December 2023 was 273,374 with a value of $4.2 million. The weighted average number of shares used for the purposes of calculating basic earnings per share is calculated after deduction of the shares held by the Group's trusts.

(b) Reserves

	SHARE BASED PAYMENTS A$M	FOREIGN CURRENCY TRANSLATION A$M	TOTAL A$M
Balance at 1 July 2022	282.0	43.7	325.7
Equity-settled share-based payment expense	8.1	—	8.1
Gain reclassified to profit or loss on disposal of foreign operations	—	(2.4)	(2.4)
Foreign currency translation differences	—	37.0	37.0
Deferred tax	0.2	(2.6)	(2.4)
Balance at 31 December 2022	290.3	75.7	366.0
Balance at 1 July 2023	**301.0**	**129.1**	**430.1**
Equity-settled share-based payment expense	**10.6**	**—**	**10.6**
Loss reclassified to profit or loss on disposal of foreign operations	**—**	**1.5**	**1.5**
Foreign currency translation differences	**0.4**	**(39.5)**	**(39.1)**
Deferred tax	**—**	**3.3**	**3.3**
Balance at 31 December 2023	**312.0**	**94.4**	**406.4**

Notes to the Condensed Consolidated Financial Report

Note 10 - Business Acquisitions

(a) Baltimore Scrap Corporation

On 15 August 2023, the Group announced that it had agreed to acquire the assets of US based metal recycler, Baltimore Scrap Corporation, within the NAM segment, for total consideration of $347.3million (US$220.0 million). The transaction was completed on 30 October 2023.

On a combined basis, had the acquisition occurred on 1 July 2023, the revenue and net profit contribution by the business acquired to the Group's Income Statement would be $218.8 million (US$142.8 million) and $5.0 million (US$3.3 million). Additionally, revenue and net loss contribution by the business acquired to the Group post acquisition to 31 December 2023 was $57.6 million (US$37.6 million) and $2.0 million (US$1.3 million) respectively.

Details of the purchase consideration, assets and liabilities arising from the acquisition and goodwill recognised from the acquisition are as follows:

	A$M
Receivables	**54.1**
Inventories	**25.3**
Property, plant and equipment	**164.8**
Right of use asset	**4.1**
Identified intangible assets	**33.5**
Provisions	**(10.3)**
Lease liabilities	**(4.1)**
Net identifiable assets acquired	**267.4**
Goodwill on acquisition	**79.9**
Total consideration	**347.3**

The Group incurred $4.2 million of transactional costs related to the acquisition.

The accounting for the Baltimore Scrap Corporation acquisition has only been provisionally determined at the reporting date and is subject to the finalisation of valuations procedures and the related tax assessment. In accordance with the requirements of AASB 3 Business Combinations, the consolidated entity has 12 months from the date of acquisition to finalise its acquisition accounting.

(b) Northeast Metal Traders, Inc.

On 21 March 2023, the Group announced that it had agreed to acquire the commercial and operating assets of Northeast Metal Traders, Inc., within the NAM segment, for total consideration of $54.6 million (US$36.1 million), including inventory on hand of $27.6 million (US$18.2 million). Northeast Metal Traders, Inc. is a non-ferrous scrap metal wholesaler and broker which operates a single-scale site in Philadelphia, US. This transaction was completed on 1 May 2023.

Since 30 June 2023, the Group has finalised its acquisition accounting and there has been no material change to the accounting previously presented.

(c) Alumisource

On 12 February 2021, the Group acquired Alumisource Corporation which included contingent consideration based on the performance of the business post-acquisition. During the half year ended 31 December 2023, a final amount totalling $55.0 million (US$36.0 million) was paid to the vendor.

Notes to the Condensed Consolidated Financial Report

Note 11 - Interest in other entities

Joint ventures

Name	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST % HALF YEAR ENDED 31 DECEMBER 2023	OWNERSHIP INTEREST % YEAR ENDED 30 JUNE 2023
SA Recycling, LLC ("SAR")	Recycling	US	**50**	50
LMS Energy Pty Ltd ("LMS")[1]	Renewable energy	Australia	**—**	50
Richmond Steel Recycling Limited	Recycling	Canada	**50**	50
Rondout Iron & Metal Company LLC	Recycling	US	**50**	50
KDC Global, Inc.	Recycling	US	**49**	49

1 On 20 September 2023, the Group entered into an agreement to sell its 50% shareholding in LMS. The transaction was completed on 30 November 2023. Refer to note 8 for further details.

Movements in carrying amounts of joint ventures

	SAR A$M	SMR A$m	OTHER A$M	TOTAL A$M
Balance at 1 July 2023	**542.9**	**—**	**56.9**	**599.8**
Share of results	**59.6**	**—**	**(4.7)**	**54.9**
Derecognition of investment in joint venture at fair value	**—**	**—**	**—**	**—**
Dividends Received	**(53.2)**	**—**	**—**	**(53.2)**
Other	**—**	**—**	**—**	**—**
Foreign exchange differences	**(11.7)**	**—**	**(1.1)**	**(12.8)**
Balance at 31 December 2023	**537.6**	**—**	**51.1**	**588.7**

Notes to the Condensed Consolidated Financial Report

Note 12 - Contingencies

The Group has given guarantees in respect of the performance of contracts entered into in the ordinary course of business. The amounts of these guarantees provided by the Group, for which no amounts are recognised in the consolidated financial statements, as at 31 December 2023 was $41.7 million (30 June 2023: $44.3 million).

Note 13 - Borrowings

In December 2023, the Group renewed its loan facilities. The unsecured global multi-currency/multi-option loan facilities were $1,019.0 million at 31 December 2023 (30 June 2023: $833.0 million), with other terms and conditions substantially consistent. This renewal extended the maturity dates of the Group's borrowing facilities by an additional two years, from 31 October 2024 to 31 October 2026.

Note 14 - Subsequent Events

There has not been any matter or circumstance, other than that referred to in the Interim financial reports or notes thereto, that has arisen since the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 20 to 30 are in accordance with the Corporations Act 2001, including:

i. complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half year ended on that date, and

(b) there are reasonable grounds to believe that Sims Limited will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors.

G N Brunsdon
Chairperson
Sydney
20 February 2024

S Mikkelsen
Managing Director and Group CEO
Sydney
20 February 2024

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Independent Auditor's Review Report to the members of Sims Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Sims Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 15 to 31.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants
Sydney, 20 February 2024