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 2022
Prior corresponding period: Half year ended 31 December 2021

Results (A$m)				Half year ended 31 December 2022		2021
Sales Revenue	Down	**(10.2)%**	to	**3,831.2**	from	4,265.0
Net profit for the period attributable to members	Down	**(60.1)%**	to	**101.0**	from	253.2

Dividends (A¢)	Cents per Security	% Franked per Security
2022 Final Dividend	50.0	50%
2023 Interim Dividend[1]	14.0	0%
Record date for interim dividend	7 March 2023	
Payment date for interim dividend	22 March 2023	

[1] The Board has determined that the dividend reinvestment plan will not operate in relation to this dividend.

Net tangible assets (A$)	31 December 2022	31 December 2021
Net tangible asset per security	12.58	11.18
(excluding treasury shares held at the end of the period)		

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.

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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 2022 ("HY23").

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year 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 offers fee-for-service business opportunities in the environmentally responsible recycling of negative value materials including electronic equipment. 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:	
Alistair Field	Group Chief Executive Officer and Managing Director
Non-Executive Directors:	
Geoffrey N Brunsdon	Chairperson and Independent Non-Executive Director
Thomas Gorman	Independent Non-Executive Director
Hiroyuki Kato	Non-independent Non-Executive Director
Georgia Nelson	Independent Non-Executive Director
Deborah O'Toole	Independent Non-Executive Director
Heather Ridout[1]	Independent Non-Executive Director
Victoria Binns	Independent Non-Executive Director
Philip Bainbridge[2]	Independent Non-Executive Director

[1]On 21 December 2022, it was announced that Ms Ridout will be leaving the Sims Limited board. Her leaving date has subsequently been confirmed as 31 March 2023.
[2] Mr Bainbridge was appointed on 1 September 2022 and re-elected as an Independent Non-Executive Director at the Company's annual general meeting on 8 November 2022.

OPERATING AND FINANCIAL REVIEW

Disclosing Non-IFRS Financial Information (unaudited)

(A$m)	HY23	HY22	Change
Sales revenue	**3,831.2**	4,265.0	(10.2%)
Trading Margin[1]	**772.7**	922.8	(16.3%)
Statutory earnings before interest, tax, depreciation and amortisation ("EBITDA")	**270.2**	442.0	(38.9%)
Underlying EBITDA	**200.1**	462.3	(56.7%)
Depreciation expense	**(104.6)**	(100.1)	4.5%
Amortisation expense	**(2.2)**	(0.5)	340.0%
Statutory earnings before interest and tax ("EBIT")	**163.4**	341.4	(52.1%)
Underlying EBIT	**93.3**	361.7	(74.2%)
Net interest expense	**(12.6)**	(9.1)	38.5%
Underlying income tax expense	**(27.7)**	(83.3)	(66.7%)
Statutory net profit after tax ("NPAT")	**101.0**	253.2	(60.1%)
Underlying NPAT	**53.0**	269.3	(80.3%)
Statutory diluted earnings per share ("EPS") (cents)	**51.2**	124.1	(58.7%)
Underlying diluted EPS (cents)	**26.8**	132.0	(79.7%)
Interim dividends (cents)	**14.0**	41.0	(65.9%)
Net assets	**2,562.2**	2,307.9	11.0%
Net cash	**(33.3)**	45.1	nmf
Total capital[2]	**2,595.5**	2,262.8	14.7%
Underlying return on capital (%)[3]	**4.8 %**	24.4 %	(19.6ppts)
Non-current assets excluding lease-related assets and deferred tax assets	**2,162.7**	1,756.4	23.1%
Return on productive assets (%)[4]	**8.6 %**	41.8 %	(33.2ppts)
Net tangible assets	**2,429.3**	2,209.0	10.0%
Net tangible assets per share	**12.6**	11.2	12.5%
Net cash inflow from operating activities	**322.0**	290.8	10.7%
Capital expenditures	**127.2**	81.3	56.5%
Free cash flow after capital expenditures[5]	**194.8**	209.5	(7.0%)
Employees	**4,201**	4,014	4.7%
Proprietary sales tonnes ('000)	**3,995**	3,941	1.4%

Sensitivity to movements in foreign exchange rates

The principal currencies in which the Group's subsidiaries conduct business are United States ("US$") dollars, Australian dollars ("A$"), Euro 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.

[1] Trading margin = sales revenue – raw materials used and changes in inventory – freight expense
[2] Total capital = net assets – net cash.
[3] Underlying return on capital = (annualised underlying EBIT net of tax at effective tax rate) / total capital.
[4] Return on Productive Assets = underlying EBIT / average of opening non-current assets and ending non-current assets excluding assets relating to adoption of AASB 16 Leases and deferred tax assets
[5] Free cash flow after capital expenditures = operating cash flow – capital expenditures.

OPERATING AND FINANCIAL REVIEW (continued)

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		
	HY23	HY22	Change	31 December 2022	30 June 2022	Change
US dollar	**0.6705**	0.7317	(8.4%)	**0.6814**	0.6902	(1.3%)
Euro	**0.6612**	0.6303	4.9%	**0.6366**	0.6584	(3.3%)
Pound sterling	**0.5704**	0.5368	6.3%	**0.5632**	0.5668	(0.6%)

All balances are denominated in Australian dollars unless otherwise stated.

Summary

Intake Volumes

Tonnes ,000	HY23	HY22	Change
North America Metal ("NAM")	**2,323**	2,389	(2.8%)
Australia / New Zealand Metal	**776**	808	(4.0%)
UK Metal ("UKM")	**677**	702	(3.6%)
Total Proprietary Volumes	**3,776**	3,899	(3.2%)
Global Trading and other	**607**	743	(18.3%)
Total Intake Volume	**4,383**	4,642	(5.6%)

Intake volumes, excluding brokerage tonnes, ("proprietary intake volumes") decreased by 3.2% to 3.8 million tonnes in HY23 in comparison to HY22 levels, with all regions being impacted by slower global economic activity. NAM intake volumes were marginally down, with this business benefiting from its recent footprint expansion in Baltimore, Maryland. ANZ intake volumes were disrupted by recent east coast flooding.

Sales Volumes

Tonnes ,000	HY23	HY22	Change
North America Metal	**2,451**	2,395	2.3%
Australia / New Zealand Metal	**800**	799	0.1%
UK Metal	**744**	747	(0.4%)
Total Proprietary Volumes	**3,995**	3,941	1.4%
Global Trading and other	**578**	744	(22.3%)
Total Sales Volume	**4,573**	4,685	(2.4%)

Proprietary sales volumes were 4.0 million tonnes in HY23 compared to 3.9 million tonnes in HY22, an increase of 1.4%. Improvements in material flows and global supply chain conditions resulted in destocking across all businesses. Brokerage volumes sold through Global Trade fell given lower export activity by SA Recycling and reduced opportunity for third party brokerage deals given lower market pricing and constricted margins.

OPERATING AND FINANCIAL REVIEW (continued)

Financial Performance

Sales revenue of $3,831.2 million in HY23 was down 10.2% compared to sales revenue of $4,265.0 million in HY22. At constant currency, sales revenue was down 13.0% to $3,709.2 million. The decrease was largely attributable to substantially lower average ferrous sale prices, partially offset by a 1.4% increase in proprietary metal sales volumes. Non-ferrous average sale prices were slightly higher. Broker sales volumes were lower with reduced export activity from SA Recycling. Sims Lifecycle Services revenues were largely unchanged.

Metal trading margin decreased by 12.0% while the trading margin percentage fell 1.0% to 20.4%, reflecting challenging trading conditions across all markets with increased competition for available tonnes as scrap arisings fell in response to lower buy prices.

Statutory EBIT in HY23 was $163.4 million compared to $341.4 million in HY22. At constant currency, HY23 statutory EBIT was $120.7 million. HY23 Underlying EBIT of $93.3 million was $268.4 million lower than HY22. Reduced underlying earnings persisted across all businesses due to lower trading margins and continued inflationary pressures. The statutory result included a gain of $36.5 million on the disposal of an unproductive property in Newark, New Jersey. In addition, a gain of $49.2 million has been recorded following the conversion of the Group's residual 49.5% interest in Sims Municipal Recycling by way of contribution of this interest into a new entity, CLP Circular Services Holdings LLC.

Statutory NPAT in HY23 was $101.0 million compared to $253.2 million in HY22. Underlying NPAT was $53.0 million in HY23 compared to $269.3 million in HY22. Underlying income tax expense of $27.7 million was $55.6 million lower than HY22 due primarily to lower business earnings and resulted in an HY23 underlying effective tax rate of 34.3%. Net interest expense of $12.6 million was $3.5 million higher than HY22. Statutory EBITDA in HY23 was $270.2 million compared to $442.0 million in HY22. See the Reconciliation of Statutory Results to Underlying Results included herein for more information.

Statutory diluted EPS was 51.2 cents in HY23 compared to 124.1 cents in HY22. Underlying diluted EPS was 26.8 cents in HY23 compared to 132.0 cents in HY22. The weighted average number of basic shares during HY23 decreased by 6.3 million shares compared to HY22 as shares bought back during HY23 exceeded the number of shares issued under long-term incentive plans ("LTIP"). The Company also leveraged its employee share ownership program trust to reduce the dilution effect of certain shares issued under the LTIP.

OPERATING AND FINANCIAL REVIEW (continued)

External Operating Environment

Scrap metal markets were challenging in HY23. The macro economic environment was impacted by tighter monetary policy, high inflation, high energy prices arising from the war in Ukraine, and China's combination of COVID-19 lockdowns and a weak property market. These headwinds exerted pressure on scrap metal prices, reducing ferrous prices. Average ferrous prices ("HMS") in HY23 were 21% lower compared to HY22, with the lowest point reached at $337, and average Zorba prices declined by 3% in HY23 compared to HY22.

Another outcome from the challenging macro economic environment was lower demand from metal manufacturers as the market for finished products weakened. Across all metal segments, customers scaled back and, in some cases, even shuttered production to match demand.

Average freight rates improved by 47% in HY23 compared to HY22, partially driven by the easing of supply chain disruptions built during the pandemic. Additionally, the trade congestion improved in most ports, as the number of Chinese cargos declined due to the pandemic lockdowns.

Inflationary pressures were at multi-decade highs across all markets. In the US, the inflation rate rose to a 40-year high lifting the average inflation rate from 6.0%[1] in HY22 to 7.7%[1] in HY23. In the UK, the average inflation rate in HY23 was 10.4%[1], significantly higher than the HY22 rate of 4.2%[1].

Labour markets were tight in all regions which resulted in increased permanent and contract labour force costs. The average HY23 unemployment rate in the US was 3.6%[1] and 3.5%[1] in Australia. The average July to November unemployment rate in the UK was 3.6%[1].

Economic activity in HY23 slowed across all markets. Australian gross domestic product (GDP) rose by 0.6%[1] in the 2022 September quarter compared to 0.9%[1] reported in the previous quarter. In the UK, GDP was estimated to have fallen by 0.3%[1] in the 2022 September quarter; this was estimated to be 0.8%[1] below where it was pre-coronavirus in the 2019 December quarter. In the US, GDP grew by 0.8%[1] in the 2022 September quarter, following declines in the two previous quarters.

Lower scrap metal prices coupled with higher fuel prices and lower economic activity resulted in lower availability of scrap volumes, impacting intake volumes. With increased competition for available infeed, managing the buy/sell spread was challenging.

Finally, the SLS business continued to face difficult conditions as supply chain constraints limited the release of cloud material. China lockdowns and low consumer sentiment driven by inflation drove resale prices of repurposed units down.

[1] Bloomberg

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results

North America Metal

A$m	HY23	HY22	Change
Sales revenue	**1,849.0**	1,997.2	(7.4%)
Trading margin	**385.4**	421.6	(8.6%)
Underlying operating costs	**287.6**	231.9	24.0%
Underlying EBITDA	**97.8**	189.7	(48.4%)
Underlying EBIT	**37.8**	142.2	(73.4%)
Proprietary Sales tonnes (thousands)	**2,451**	2,395	2.3%
Trading margin %	**20.8%**	21.1%	(0.3ppts)
Underlying EBIT margin %	**2.0%**	7.1%	(5.1ppts)

NAM sales volumes increased by 2.3%. This included the impact of inventory reductions as freight conditions improved and materials flowed more freely through supply chains.

Sales revenue fell by 7.4% due primarily to lower average ferrous sale prices. Total trading margin, which partially benefited from exchange rate translation, was down by 8.6%. Percentage margin was substantially in line with the corresponding period.

Costs increased by 24.0% over the prior corresponding period (13.6% on a constant currency basis). This increase reflected an adverse exchange rate translation, and inflationary impacts across all areas, particularly labour and plant operating costs. The cost of operating the additional sites in Baltimore following the ARG acquisition also added to the cost base.

Given lower revenues and higher costs, underlying EBIT decreased by 73.4% to $37.8 million.

Investment in SA Recycling

A$m	HY23	HY22	Change
Sales revenue	**1,959.7**	2,108.8	(7.1%)
Trading margin	**625.2**	647.2	(3.4%)
Underlying operating costs	**449.2**	340.4	32.0%
Underlying EBITDA	**176.0**	306.8	(42.6%)
Underlying EBIT	**100.4**	262.1	(61.7%)
Sims' Interest (50%)	**49.1**	128.7	(61.8%)
Proprietary Sales tonnes (thousands)	**2,196**	2,203	(0.3%)
Trading margin %	**31.9%**	30.7%	1.2ppts
Underlying EBIT margin %	**5.1%**	12.4%	(7.3ppts)

Proprietary sales volumes for SA Recycling were substantially in line with the prior corresponding period, which included the benefit of the enlarged footprint following the PSC acquisition. Sales revenues fell due to lower metal prices. Trading margins were compressed given challenging market conditions. Inflationary pressures and the costs of operating the PSC footprint increased the cost base. Additionally, the cost increase was compounded by an adverse exchange rate translation. Underlying operating costs increased by 20.9% on a constant currency basis.

OPERATING AND FINANCIAL REVIEW (continued)

Australia & New Zealand Metal

A$m	HY23	HY22	Change
Sales revenue	**732.4**	815.6	(10.2%)
Trading margin	**189.6**	225.0	(15.7%)
Underlying Operating costs	**109.9**	103.6	6.1%
Underlying EBITDA	**79.7**	121.4	(34.3%)
Underlying EBIT	**53.1**	94.9	(44.0%)
Proprietary Sales tonnes (thousands)	**800**	799	0.1%
Trading margin (%)	**25.9%**	27.6%	(1.7ppts)
Underlying EBIT margin (%)	**7.3%**	11.6%	(4.3ppts)

ANZ sales revenue decreased by 10.2% compared to HY22. This was the result of the impact of lower global metals prices, which was partially offset by the benefit of an 8% depreciation in the Australian Dollar compared to the US dollar for the region's export cargoes.

Trading margin decreased by 15.7% in comparison to the prior corresponding period. The average trading margin percentage fell 1.7 percentage points reflecting challenging trading conditions, particularly for ferrous metal. Operating costs increased by 6.1%. Ongoing inflationary pressures, particularly related to fuel, labour and waste costs were partially offset by tight cost control and cost reduction measures.

Underlying EBIT decreased by 44.0% to A$53.1 million, driven by the margin contraction and higher costs.

UK Metal

A$m	HY23	HY22	Change
Sales revenue	**700.6**	744.4	(5.9%)
Trading margin	**96.0**	115.7	(17.0%)
Underlying Operating costs	**86.5**	73.4	17.8%
Underlying EBITDA	**9.5**	42.3	(77.5%)
Underlying EBIT	**(3.6)**	29.4	nmf
Proprietary Sales tonnes (thousands)	**744**	747	(0.4%)
Trading margin (%)	**13.7%**	15.5%	(1.8ppts)
Underlying EBIT margin (%)	**(0.5%)**	3.9%	nmf

UK metals sales revenues decreased by 5.9% compared to HY22, driven by a decline in average sale price.

Trading margins fell by 17.0% in comparison to the prior corresponding period. The average trading margin percentage fell 1.8 percentage points reflecting challenging trading conditions for ferrous metal and an adverse impact of currency translation. Non-ferrous margins remained substantially in line across both periods.

Operating costs increase by 17.8% compared to the prior corresponding period, partially offset by favourable exchange rate translation. The business experienced significant inflationary pressures, with UK inflation running at double digit levels. In addition, reopening of sites in the prior year also added to the cost base.

Underlying EBIT was a loss of $3.6 million due predominantly to the margin contraction and cost increases.

OPERATING AND FINANCIAL REVIEW (continued)

Sims Lifecycle Services

A$m	HY23	HY22	Change
Sales revenue	**167.4**	166.0	0.8%
Underlying EBITDA	**12.2**	14.7	(17.0%)
Underlying EBIT	**7.0**	9.9	(29.3%)
Underlying EBIT margin (%)	**4.2%**	6.0%	(1.8ppts)

SLS increased sales revenue by 0.8% in HY23 to $167.4 million, compared to $166.0 million in HY22. This was driven by a 38.5% increase in repurposed unit volumes, offset by reduced resale prices per unit following the COVID lockdowns in its major market (China) and reduced product demand in light of economic uncertainty.

Underlying EBIT decreased by 29.3% to $7.0 million due to margin pressures and inflationary pressures on costs.

Global Trading, Corporate and Other

A$m - EBIT	HY23	HY22	Change
Global Trading	**(11.8)**	(11.1)	6.3 %
Sims Municipal Recycling	**(3.0)**	12.9	nmf
Energy	**15.8**	4.0	295.0 %
Resource Renewal	**(3.8)**	(2.2)	72.7 %
Corporate	**(47.3)**	(47.0)	0.6 %

Global Trading underlying EBIT loss of $11.8 million during HY23 was substantially in line with the HY22 underlying EBIT loss of $11.1 million. While brokerage volumes were subdued in light of lower export shipments by SA Recycling, and lower third-party brokerage activity, inflationary pressures on costs were more than offset by cost saving initiatives and lower provisioning for incentive awards.

Sims Municipal Recycling ("SMR") recorded an underlying EBIT loss of $3.0 million in HY23, representing a $15.9 million decrease compared to HY22. The prior corresponding period result represented earnings on the 100% interest in SMR up to the sale of a 50.5% stake in early 2022. The HY23 result represents earnings on the Group's 49.5% share of SMR up until 15 November 2022. At that time, the Group restructured its 49.5% interest by way of contribution of this interest into a new entity, CLP Circular Services Holdings LLC. The Group received a 14.3% interest in this entity, with this interest being valued at $110.0 million. No part of SMR's operating results were included in the Group results from 15 November 2022.

Energy EBIT included the Company's 50% interest in the landfill gas extraction and power generation assets in Australia and the United States. The increase in EBIT was driven by LMS. It is worth noting that the LMS result was due largely to timing as the majority of EBIT forecasted for FY23 was reported in HY23.

Costs relating to Resource Renewal increased during the year as the team expanded to support a new milestone in the project – the pre-construction phase of the Queensland demonstration plant.

Corporate costs of $47.3 million were in line with the prior corresponding period. Inflationary pressures and increasing expenditure on IT were more than offset by cost saving initiatives and lower provisioning for incentive awards.

OPERATING AND FINANCIAL REVIEW (continued)

Reconciliation of Statutory NPAT to EBITDA

A$m	**HY23**	**HY22**
Statutory net profit/(loss) after tax	**101.0**	253.2
Depreciation and amortisation, net of right of use asset depreciation	**65.3**	62.6
Right of use asset depreciation	**41.5**	38.0
Interest expense from external borrowings, net of interest income	**7.7**	5.3
Lease liability interest expense	**4.9**	3.8
Income tax expense	**49.8**	79.1
Statutory EBITDA	**270.2**	442.0

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

	EBITDA[1]		EBIT		NPAT	
	HY23	HY22	HY23	HY22	HY23	HY22
A$m						
Statutory earnings	**270.2**	442.0	**163.4**	341.4	**101.0**	253.2
Significant items:						
Gain on fair valuation of investment	**(49.2)**	–	**(49.2)**	–	**(36.9)**	–
Non-recurring gains on asset dispositions	**(36.5)**	(6.2)	**(36.5)**	(6.2)	**(27.4)**	(4.6)
Restructuring and redundancies	**6.8**	–	**6.8**	–	**5.3**	–
SA Recycling amortisation reversal	**(16.8)**	–	**(16.8)**	–	**(12.6)**	–
Non-qualified hedges	**18.9**	1.7	**18.9**	1.7	**18.9**	2.0
Global ERP software implementation costs	**5.5**	23.7	**5.5**	23.7	**3.8**	17.9
Acquisition transaction costs	**–**	1.1	**–**	1.1	**–**	0.8
Other non-recurring items	**1.2**	–	**1.2**	–	**0.9**	–
Underlying earnings[2]	**200.1**	462.3	**93.3**	361.7	**53.0**	269.3

The major significant item amounts recorded in HY23 include the following:

- Gain on fair valuation of investment included the gain on restructuring of the 49% ownership interest in SMR.
- Non-recurring gains on asset dispositions include the gain on sale of land in NAM.
- Non-qualified hedges included the mark-to-market on, in the money, commodity hedges held at balance date.
- ERP cost included costs associated with the SAP implementation which went live in July 2022. There will be no further amounts included as significant items in respect of the ERP in future periods.
- Restructuring and redundancies predominantly related to sites closures and realignment of processing capability in the SLS business in HY23 .
- SA Recycling amortisation: Included in the Group's share of profit from SA Recycling for the six month period is the reversal of historical goodwill amortisation totalling $16.8 million that was recognised by SA Recycling in accordance with their primary accounting GAAP (US GAAP) that relates to prior periods. The Group has considered that the amounts charged to profit or loss in the six month period relating to prior periods had no material impact on the Group's Half Year financial report, nor the Annual report of the Group for the year ended 30 June 2022 and on that basis, has not restated the prior period comparative amounts.

[1] EBITDA is a measurement of non-conforming 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.

OPERATING AND FINANCIAL REVIEW (continued)

Cash flow and borrowings

Cash inflow from operating activities was $322.0 million in HY23 compared to $290.8 million during HY22. Despite the lower operating earnings, the Group increased operating cash flows in HY23 through a release of working capital following inventory reductions achieved during the half year and lower metal prices.

Capital expenditures for property, plant and equipment and intangible assets were $127.2 million during HY23 compared to payments for property, plant and equipment of $81.3 million in HY22. Capital expenditures during HY23 were attributed to growth capital expenditures initiatives including expansion of production capability for Alumisource and new site developments, as well as sustaining investments including outlays to improve product quality. HY23 cash position was also impacted by a cash flow distribution of $111.2 million comprising a $96.6 million cash outflow for the final 2022 dividend and the share buy-back program with outlays of $14.6 million.

At 31 December 2022, the Group had a net debt position of $33.3 million compared to a net debt position of $102.7 million at 30 June 2022. The Group calculates net cash as cash balances less total financial borrowings and reflects total financial borrowings as if financial borrowings were reduced by cash balances as a pro forma measurement as follows:

A$m	**As at 31 December 2022**	**As at 30 June 2022**
Total cash	**387.7**	252.8
Less: total financial borrowings	**(421.0)**	(355.5)
Net cash	**(33.3)**	(102.7)

OPERATING AND FINANCIAL REVIEW (continued)

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 2022:

Metals	Continued trials to elevate the quality of materials to meet the requirements of flat steel products. The trials continued to show promising results. Other upgrade projects completed in HY23 include: • Upgrade of shredder in Christchurch, New Zealand • Upgrade cable granulator in Milperra, Australia • Replacement of ferrous downstream in Chesapeake, US • Installation of polishing plants in Long Marston, UK and Claremont, US
SA Recycling	PSC business has operated on SA Recycling's consolidated platform since 1 July 2022. In addition, it completed five bolt-on acquisitions during the half
Lifecycle Services	Added the Atlanta Circular Center to the portfolio
Resource Renewal	Moved to the construction phase of the Pilot Resource Renewal facility at Rocklea in Queensland
Sims Municipal Recycling	On 15 November 2022, ownership of the remaining 49.5% of Sims Municipal Recycling was disposed of by way of contribution into a larger Closed Loop fund. This business is no longer considered part of the strategic growth path
Energy	The joint venture between Sims and LMS continues to operate the land fill gas extraction facility in Orlando, Florida

The Company is in a strong position to further advance the strategy during the balance of FY2023 and going forward.

The Company maintained an attractive balance sheet with a net debt position of $33.3 million as at 31 December 2022.

Outlook and Market Drivers

We remain confident in the business's medium and long-term fundamentals.

Short-term

In the short-term, the Group's outlook remains uncertain due to macro and geopolitical challenges impacting all segments.

Although the recent strengthening in ferrous and non-ferrous markets is positive for the business, we expect other factors to create uncertainty. Inflation and labour shortages are persisting across all regions. We expect the geopolitical tensions to continue, creating trade policy uncertainty and impacting the energy markets. Competition for available scrap is likely to continue in the second half.

The opening up of China will be positive for the global metal demand balance and SLS resale prices and volumes, although the timing of this is uncertain.

We anticipate 2H FY23 operating costs to remain broadly in line with the first half as we actively seek medium-term efficiency gains.

OPERATING AND FINANCIAL REVIEW (continued)

Macro-trends

Increased demand for metal-intensive infrastructure spending and the production of post-consumption scrap is positive for metal recycling (both ferrous and non-ferrous).

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 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, macroeconomic factors, and the unpredictability of how COVID may evolve.

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 24 October 2022, the Group lodged its 2022 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 exposure 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 we have begun the process of identifying key risks and developing actions to mitigate their impact. We have adopted the Task Force on Climate-related Financial Disclosures recommendations ("TCFD") and published our first TCFD aligned disclosures in 2021. In 2022, these disclosures were integrated into a comprehensive Climate Report, which was lodged on the ASX on 5 October 2022. The 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 the report can be viewed at https://www.simsltd.com/investors/reports.

As a key enabler of the circular economy, Sims diverts valuable resources away from landfill, bringing benefits to our value chain, such as: greenhouse gas ("GHG") emissions mitigation, landfill diversion and virgin raw materials demand reduction. However, to achieve a bigger impact, broader awareness and collaboration is required. As a result, the Group continues to support the development of circular economy maturity through its industry groups, particularly the World Business Council for Sustainable Development ("WBCSD").

For Sims, climate change matters are likely to be driven by changes in regulations, public policy and physical climate parameters. 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. Our approach is described in our 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 we operate across the globe, Sims will need to meet those 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 we execute our 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, and 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 our website.

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 temperatures);
2. inability to maintain standard operational hours at facilities (extreme temperatures);
3. docks, material handling and the transportation of products (intense rain and wind);
4. access to a reliable supply of electricity (extended heat waves); and
5. reliable operation of critical data storage sites (flooding, extended heat waves).

In FY21, the Company developed and published its climate change-related targets to support GHG emissions mitigation across our own 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.

DIVIDENDS

Since the end of the half year, the Directors have declared an interim dividend of 14.0 cents per share (0% franked) for the half year ended 31 December 2022. The dividend will be payable on 22 March 2023 to shareholders on the Company's register at the record date of 7 March 2023. The Directors have determined that the dividend reinvestment plan will not operate in relation to this dividend.

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 17 and forms part of the Directors' Report for the half year ended 31 December 2022.

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
14 February 2023

A Field
Managing Director and Group CEO
Sydney
14 February 2023

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

14 February 2023

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 2022, 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

Sims Limited
Consolidated Income Statement
For the half year ended 31 December 2022

	Note	Half year ended 31 December 2022 A$m	Half year ended 31 December 2021 A$m
Revenue	2	**3,841.7**	4,269.8
Other income	4	**93.1**	20.9
Raw materials used and changes in inventories		**(2,657.6)**	(2,973.5)
Freight expense		**(400.9)**	(368.7)
Employee benefits expense		**(327.6)**	(322.7)
Depreciation and amortisation expense	4	**(106.8)**	(100.6)
Repairs and maintenance expense		**(57.6)**	(48.4)
Other expenses		**(295.9)**	(270.7)
Finance costs		**(15.3)**	(10.2)
Share of results of joint ventures		**77.7**	136.4
Profit before income tax		**150.8**	332.3
Income tax expense	5	**(49.8)**	(79.1)
Profit for the half year		**101.0**	253.2
		A¢	**A¢**
Earnings per share			
Basic	6	**52.2**	126.8
Diluted	6	51.2	124.1

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

Sims Limited
Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2022

	Note	Half year ended 31 December 2022 A$m	2021 A$m
Profit for the half year		**101.0**	253.2
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		**–**	(0.1)
Foreign currency translation differences arising during the period, net of tax		**32.0**	40.4
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit plans, net of tax		**(4.7)**	2.5
Other comprehensive income for the year, net of tax		**27.3**	42.8
Total comprehensive income for the year		**128.3**	296.0

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

Sims Limited
Consolidated Statement of Financial Position
As at 31 December 2022

	Note	31 December 2022 A$m	30 June 2022 A$m
Current assets			
Cash and cash equivalents	7	**387.7**	252.8
Trade and other receivables		**600.9**	697.4
Inventory		**604.6**	763.8
Other financial assets		**19.5**	57.8
Assets classified as held for sale		**110.2**	0.2
Total current assets		**1,722.9**	1,772.0
Non-current assets			
Investments in joint ventures		**612.2**	659.3
Other financial assets		**88.7**	93.7
Right of use assets		**302.0**	296.4
Property, plant and equipment		**1,359.6**	1,317.3
Retirement benefit assets		**2.1**	6.6
Deferred tax assets	5	**131.9**	161.0
Other intangible assets		**132.9**	133.2
Total non-current assets		**2,629.4**	2,667.5
Total assets		**4,352.3**	4,439.5
Current liabilities			
Trade and other payables		**607.7**	722.2
Lease liabilities		**78.6**	74.7
Other financial liabilities		**12.8**	10.1
Current tax liabilities		**26.1**	29.2
Provisions		**110.6**	189.1
Total current liabilities		**835.8**	1,025.3
Non-current liabilities			
Payables		**20.4**	15.9
Borrowings		**421.0**	355.5
Lease liabilities		**275.2**	271.5
Deferred tax liabilities	5	**154.6**	143.4
Provisions		**81.2**	88.8
Retirement benefit obligations		**1.9**	1.6
Total non-current liabilities		**954.3**	876.7
Total liabilities		**1,790.1**	1,902.0
Net assets		**2,562.2**	2,537.5
Equity			
Contributed equity	8	**2,590.8**	2,583.2
Reserves	8	**366.0**	325.7
Accumulated deficit		**(394.6)**	(371.4)
Total equity		**2,562.2**	2,537.5

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

Sims Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2022

	Note	Contributed equity A$m	Reserves A$m	Accumulated deficit A$m	Total equity A$m
Balance at 1 July 2021		2,727.8	212.9	(821.6)	2,119.1
Profit for the half year		–	–	253.2	253.2
Other comprehensive income		–	40.3	2.5	42.8
Total comprehensive income for the half year		–	40.3	255.7	296.0
Transactions with owners in their capacity as owners:					
Purchase of shares by trusts		2.7	–	(2.8)	(0.1)
Dividends paid	3	–	–	(59.9)	(59.9)
Share-based payments expense, net of tax		–	9.0	–	9.0
Buy-back of ordinary shares	8	(56.2)	–	–	(56.2)
		(53.5)	9.0	(62.7)	(107.2)
Balance at 31 December 2021		2,674.3	262.2	(628.6)	2,307.9
Balance at 1 July 2022		**2,583.2**	**325.7**	**(371.4)**	**2,537.5**
Profit 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:					
Issuance of shares from trusts	8	**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		**(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**

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

Sims Limited
Consolidated Statement of Cash Flows
For the half year ended 31 December 2022

	Note	Half year ended 31 December 2022 A$m	2021 A$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**3,891.6**	4,312.6
Payments to suppliers and employees (inclusive of goods and services tax)		**(3,605.6)**	(4,030.9)
		286.0	281.7
Interest received		**2.7**	1.1
Interest paid		**(15.4)**	(9.7)
Dividends received from joint ventures		**80.2**	83.9
Grant income received		**0.2**	0.6
Income taxes received		**1.7**	0.5
Income taxes paid		**(33.4)**	(67.3)
Net cash inflows from operating activities		**322.0**	290.8
Cash flows from investing activities			
Payments for property, plant and equipment		**(126.3)**	(80.9)
Payments for intangible assets		**(0.9)**	(0.4)
Payments for other financial assets		**(5.3)**	(1.8)
Proceeds from sale of other financial assets		**0.8**	0.5
Proceeds from sale of property, plant and equipment		**38.5**	8.6
Payments for businesses, net of cash acquired		**–**	(18.2)
Investment in joint venture		**(6.0)**	(4.8)
Loan to joint venture partner		**–**	(8.9)
Repayment of loan from joint venture		**1.5**	8.9
Net cash outflows from investing activities		**(97.7)**	(97.0)
Cash flows from financing activities			
Proceeds from borrowings		**265.0**	626.7
Repayment of borrowings		**(200.8)**	(738.4)
Repayment of leases		**(40.1)**	(35.3)
Payments for shares under employee share plan	8	**–**	(0.1)
Fees paid for loan facilities		**–**	(1.0)
Payments for shares bought back	8	**(14.6)**	(56.2)
Dividends paid	3	**(96.6)**	(59.9)
Net cash outflows from financing activities		**(87.1)**	(264.2)
Net increase/(decrease) in cash and cash equivalents		**137.2**	(70.4)
Cash and cash equivalents at the beginning of the half year		**252.8**	240.3
Effects of exchange rate changes on cash and cash equivalents		**(2.3)**	2.0
Cash and cash equivalents at the end of the half year		**387.7**	171.9

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

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 2022 ("HY23") 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 annual financial report of the Group for the year ended 30 June 2022 ("FY22 Annual Report"), together with any announcements made by the Group during the half year ended 31 December 2022;
- 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 2022 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 China and Southeast Asia and brokerage sales on behalf of third and related parties.
- **SA Recycling** – 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, Poland, 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 Municipal Recycling ("SMR") and Global Sustainability Insurance Corporation.

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 the recycling of municipal curbside materials, stevedoring, and other sources of service-based revenue.

(b) Sales revenue by product

	Half year ended 31 December	
	2022 A$m	2021 A$m
Ferrous secondary recycling	**2,764.3**	3,120.4
Non-ferrous secondary recycling	**871.7**	908.8
Recycling services	**167.4**	166.0
Secondary processing and other services	**27.8**	69.8
Total sales revenue	**3,831.2**	4,265.0

Note 2 - Segment information (continued)

(c) Information about reportable 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$m	Global Trading A$m	SAR A$m	SLS A$m	Unallo-cated A$m	Total A$m
As at 31 December 2022								
Assets	**1,517.8**	**1,110.5**	**425.3**	**89.0**	**506.2**	**171.0**	**532.5**	**4,352.3**
Liabilities	**509.7**	**646.2**	**164.6**	**109.6**	**0.3**	**118.8**	**240.9**	**1,790.1**
Net assets/(liabilities)	**1,008.1**	**464.3**	**260.7**	**(20.6)**	**505.9**	**52.2**	**291.6**	**2,562.2**
As at 30 June 2022								
Assets	1,762.5	877.2	432.0	90.2	512.4	175.2	590.0	4,439.5
Liabilities	599.0	305.7	207.7	91.6	0.4	113.7	583.9	1,902.0
Net assets/(liabilities)	1,163.5	571.5	224.3	(1.4)	512.0	61.5	6.1	2,537.5

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

	NAM A$m	ANZ A$m	UK A$m	Global Trading A$m	SAR A$m	SLS A$m	Unallo-cated A$m	Total A$m
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	**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**
Half year ended 31 December 2021								
Total sales revenue	1,997.2	815.6	744.4	484.3	–	166.0	57.5	4,265.0
Other revenue	3.1	0.2	–	–	0.8	–	0.7	4.8
Total segment revenue	2,000.3	815.8	744.4	484.3	0.8	166.0	58.2	4,269.8
Segment EBIT	123.8	92.9	25.8	7.5	128.7	7.3	(44.6)	341.4
Interest income								1.1
Finance costs								(10.2)
Profit before income tax								332.3

Note 3 - Dividends

Details of dividends paid are as follows:

	Cents per share	Franked %	Half year ended 31 December 2022 A$m	2021 A$m
Final 2022	**50.0**	**50 %**	**96.6**	**59.9**
Total dividends paid			**96.6**	**59.9**

Since the end of the half year, the Directors have declared an interim dividend of 14.0 cents per share (0% franked). The dividend will be payable on 22 March 2023 to shareholders on the Company's register at the record date of 7 March 2023. The estimated dividends to be paid, but not recognised as a liability at the end of the reporting period, is approximately $27.0 million.

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 2022 A$m	2021 A$m
(a) Other income		
Net foreign exchange gain	**–**	6.0
Net gain on disposal of property, plant and equipment	**36.9**	2.9
Net gain on currency derivatives	**–**	0.3
Gain on fair valuation of investment	**49.2**	4.2
Third party commissions	**–**	2.4
Other	**7.0**	5.1
	93.1	20.9
(b) Specific expenses		
Depreciation and amortisation:		
Depreciation expense, net of right of use asset depreciation	**63.1**	62.1
Right of use asset depreciation expense	**41.5**	38.0
Amortisation expense	**2.2**	0.5
	106.8	100.6
Net loss on commodity and/or currency derivatives	**7.1**	7.0
Net foreign exchange loss	**(5.1)**	–
Equity-settled share-based payments expense	**8.0**	10.7

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

(c) Significant items

	Half year ended 31 December	
	2022 A$m	**2021 A$m**
Gain on fair valuation of investment	**49.2**	–
Non-recurring gains on asset dispositions	**36.5**	6.2
Restructuring and redundancies	**(6.8)**	–
SA Recycling amortisation reversal	**16.8**	–
Non-qualified hedges	**(18.9)**	(1.7)
Global ERP software implementation costs	**(5.5)**	(23.7)
Acquisition transaction costs	**–**	(1.1)
Other non-recurring items	**(1.2)**	–
	70.1	(20.3)

The major significant item amounts recorded in HY23 include the following:

- Gain on fair valuation of investment included the gain on restructuring of the 49% ownership interest in SMR.
- Non-recurring gains on asset dispositions include the gain on sale of land in NAM.
- Non-qualified hedges included the mark-to-market on, in the money, commodity hedges held at balance date.
- ERP cost included costs associated with the SAP implementation which went live in July 2022. There will be no further amounts included as significant items in respect of the ERP in future periods.
- Restructuring and redundancies predominantly related to sites closures and realignment of processing capability in the SLS business in HY23 .
- SA Recycling amortisation: Included in the Group's share of profit from SA Recycling for the six month period is the reversal of historical goodwill amortisation totalling $16.8 million that was recognised by SA Recycling in accordance with their primary accounting GAAP (US GAAP) that relates to prior periods. The Group has considered that the amounts charged to profit or loss in the six month period relating to prior periods had no material impact on the Group's Half Year financial report, nor the Annual report of the Group for the year ended 30 June 2022 and on that basis, has not restated the prior period comparative amounts.

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 2022 A$m	Half year ended 31 December 2021 A$m
Profit before income tax	**150.8**	332.3
Tax at the standard Australian rate of 30%	**45.2**	99.7
Effect of tax rates in other jurisdictions	**(11.6)**	(22.3)
Deferred tax assets not recognised	**12.8**	4.7
Recognition of tax effect of previously unrecognised tax losses	**(1.5)**	(6.7)
Non-deductible expenses	**5.5**	2.9
Share of net results of joint ventures	**(5.1)**	(2.4)
Share-based payments	**0.2**	1.4
Local trade and income taxes	**5.3**	1.4
Adjustments for prior years	**(0.1)**	0.3
Other	**(0.9)**	0.1
Income tax expense recognised in profit or loss	**49.8**	79.1

At 31 December 2022, the Group has not recognised deferred tax assets totalling $78.8 million (30 June 2022: $75.0 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 $65.2 million (30 June 2022: $63.6 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 $7.0 million (30 June 2022: $6.9 million) of tax losses that will expire in 5 to 20 years. Other unused tax losses may be carried forward indefinitely.

Note 6 - Earnings per share

	Half year ended 31 December 2022	Half year ended 31 December 2021
Basic earnings per share (in A¢)	**52.2**	126.8
Diluted earnings per share (in A¢)	**51.2**	124.1
Weighted average number of shares used in the denominator ('000)		
Basic shares	**193,463**	199,737
Dilutive effect of share-based awards	**3,942**	4,339
Diluted shares	**197,405**	204,076

Note 7 - Cash and cash equivalents

	31 December 2022 A$m	30 June 2022 A$m
Cash at bank and on hand	**323.9**	219.2
Restricted cash	**63.8**	33.6
Cash and cash equivalents	**387.7**	252.8

Note 8 - Equity

(a) Contributed equity
Movements in the ordinary share balance were as follows:

	Half year ended 31 December 2022		Year ended 30 June 2022	
	Number of shares	A$m	Number of shares	A$m
On issue per share register at the beginning of the period	**194,114,369**	**2,611.7**	201,478,612	2,735.6
Shares bought-back	**(977,546)**	**(14.6)**	(7,743,782)	(123.9)
Issued under long-term incentive plans	**10,826**	**–**	379,539	–
On issue per share register at the end of the period	**193,147,649**	**2,597.1**	194,114,369	2,611.7
Less: Treasury shares held at the end of the period	**(365,763)**	**(6.3)**	(1,619,568)	(28.5)
Total contributed equity	**192,781,886**	**2,590.8**	192,494,801	2,583.2

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 2022 was 365,763 with a value of $6.3 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.

On 23 August 2021, the Company announced a new share buy-back program for 12 months that commenced an on-market share buy-back program of up to $150 million worth of shares. The number and timing of shares purchased will depend on the Company’s share price and market conditions. All ordinary shares purchased pursuant to the share buy- back program will be cancelled. During the half year ended 31 December 2022, the Company purchased 977,546 ordinary shares for total consideration of $14.6 million under its current buy-back programs.

Note 8 - Equity (continued)

(b) Reserves

	Share based payments A$m	Cash flow hedging A$m	Foreign currency translation A$m	Total A$m
Balance at 1 July 2021	260.9	–	(48.0)	212.9
Equity-settled share-based payment expense	10.7	–	–	10.7
Revaluation - gross	–	–	–	–
Transfer to profit or loss - gross	–	(0.1)	–	(0.1)
Gain reclassified to profit or loss on disposal of foreign operations	–	–	–	–
Foreign currency translation differences	–	–	45.8	45.8
Deferred tax	(1.7)	–	(5.4)	(7.1)
Balance at 31 December 2021	269.9	(0.1)	(7.6)	262.2
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	**–**	**–**	**(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**

Note 9 - Business acquisitions

Update of acquisitions entered into in prior periods

(a) Recyclers Australia

On 6 December 2021, the Group acquired Recyclers Australia, within the ANZ segment, for total consideration of A$18.2 million. Recyclers Australia is a recycling business with two facilities located in Queensland (Yatala, Brendale) and one facility located in Victoria (Melbourne). The Group incurred $1.2 million of transactional costs related to the acquisition.

Since 30 June 2022, the Group has finalised its acquisition accounting and here has been no material change to the accounting previously presented.

(b) Atlantic Recycling Group

On 16 December 2021, the Group announced that it had agreed to acquire the commercial and operating assets of Maryland-based Atlantic Recycling Group, within the NAM segment, for total consideration of US$37.0 million and acquisition of inventory on hand for US$12.0m. This transaction was completed on 1 January 2022.

Since 30 June 2022, the Group has finalised its acquisition accounting and here has been no material change to the accounting previously presented.

Note 10 - Interest in other entities

Name	Principal Activity	Country of incorporation	Ownership interest % Half year ended 31 December 2022	Year ended 30 June 2022
SA Recycling, LLC ("SAR") (1)	Recycling	US	**50**	50
LMS Energy Pty Ltd ("LMS")	Renewable energy	Australia	**50**	50
Richmond Steel Recycling Limited	Recycling	Canada	**50**	50
Rondout Iron & Metal Company LLC	Recycling	US	**50**	50
Sims Municipal Recycling of New York, LLC ("SMR") (2)	Recycling	US	**–**	49.5
CLP Circular Services Holdings LLC (2)	Recycling	US	**14.3**	–

Movements in carrying amounts of joint ventures	SAR A$m	SMR A$m	Other A$m	Total A$m
Balance at 1 July 2022	470.5	63.9	124.9	659.3
Share of results	49.1	(3.0)	14.8	60.9
SA Recycling amortisation reversal	16.8	–	–	16.8
Derecognition of investment in joint venture at fair value (2)	–	(62.8)	–	(62.8)
Dividends Received	(77.7)	–	(2.5)	(80.2)
Other	–	–	11.6	11.6
Foreign exchange differences	6.5	1.9	(1.8)	6.6
Balance at 31 December 2022	**465.2**	**–**	**147.0**	**612.2**

1. On 8 December 2021, SA Recycling (which is accounted for as an investment in an associate of the Group) acquired the commercial and operating assets of PSC Metals for US$290.0 million. PSC Metals is a scrap recycling business with operations across Ohio, Pennsylvania, Missouri, Illinois, Arkansas, Tennessee and Georgia, with 30 facilities across the business, including eight shredders.

   Following the finalisation of the purchase price consideration allocation process, an intangible asset relating to supplier relationships was identified, totalling US$36.5 million. The valuation of intangible assets require a degree of judgement and an independent third party was consulted to determine the appropriate valuation of these assets.

2. During HY23, the Group restructured its 49.5% interest in Sims Municipal Recycling by way of contribution of this interest into a new entity, CLP Circular Services Holdings LLC. The Group received a 14.3% interest in this entity, with this interest being valued at $110.0 million. This investment has been recorded as an asset held for sale at 31 December 2022.

Note 11 - 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 2022 was A$48.5 million (30 June 2022: $51.4 million).

Note 12 - Subsequent events

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.

Sims Limited
Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 23 to 33 are in accordance with the Corporations Act 2001, including:

   i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
   ii. giving a true and fair value view of the consolidated entity's financial position as at 31 December 2022 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	A Field
Chairperson	Managing Director and Group CEO
Sydney	Sydney
14 February 2023	14 February 2023

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

Conclusion

We have reviewed the half-year financial report of Sims Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the 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 18 to 34.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group 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 2022 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 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 2022 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, 14 February 2023