Appendix 4E

Sims Limited
ABN 69 114 838 630
Preliminary Final Report

Results for announcement to the market

Current period Year ended 30 June 2023
Prior corresponding period: Year ended 30 June 2022

Results A$M				Year ended 30 June 2023		2022
Sales Revenue	Down	(13.0%)	to	8,061.1	from	9,264.4
Net profit for the period attributable to members	Down	(69.8%)	to	181.1	from	599.3

Dividends (A¢)	Cents per Security	% Franked per Security
2023 Interim Dividend (paid 22 March 2023)	14.00	– %
2023 Dividend	21.00	100 %
Record date for final dividend		4 October 2023
Payment date for final dividend		18 October 2023

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

Net tangible assets (A$)	30 June 2023	30 June 2022
Net tangible asset per security	12.99	12.39

Annual General Meeting

Pursuant to Listing Rule 3.13.1, notice is hereby given that the Annual General Meeting of Sims Limited will be held on Wednesday, 1 November 2023, commencing at 9am.

In accordance with Listing Rule 3.13.1, the closing date for receipt of director nominations is Wednesday, 13 September 2023.

For further explanation of the above figures, please refer to the Directors' Report and the consolidated financial statements, press release and market presentations 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 full year financial report has been audited by Deloitte Touche Tohmatsu. A signed copy of their 30 June 2023 report is included in the financial report.

CONTENTS

DIRECTORS' REPORT

Your 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 year ended 30 June 2023 ("FY23").

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 remained unchanged from the previous financial year.

OPERATING AND FINANCIAL REVIEW

Disclosing Non-IFRS Financial Information (unaudited)

(A$M UNLESS OTHERWISE DEFINED)	FY23	FY22	CHANGE
Financial Performance metrics			
Sales revenue	**8,061.1**	9,264.4	(13.0%)
Trading Margin[1]	**1,614.1**	1,903.9	(15.2%)
Statutory earnings before interest, tax, depreciation and amortisation ("EBITDA")	**515.7**	976.4	(47.2%)
Significant non-recurring items, and the impact of non-qualifying hedges	**40.8**	17.5	133.1%
Underlying EBITDA[2]	**474.9**	958.9	(50.5%)
Depreciation expense	**(217.2)**	(200.2)	8.5%
Amortisation expense	**(5.5)**	(2.6)	111.5%
Statutory earnings/(loss) before interest and tax ("EBIT")	**293.0**	773.6	(62.1%)
Underlying EBIT[2]	**252.2**	756.1	(66.6%)
Net interest expense	**(28.1)**	(16.0)	75.6%
Statutory income tax (expense)/benefit	**(83.8)**	(158.3)	(47.1%)
Underlying income tax (expense)/benefit	**(67.2)**	(161.2)	(58.3%)
Statutory net profit after tax ("NPAT")	**181.1**	599.3	(69.8%)
Underlying NPAT[2]	**156.9**	578.9	(72.9%)
Statutory diluted earnings per share ("EPS") (cents)	**91.7**	295.6	(69.0%)
Underlying diluted EPS (cents)[2]	**79.4**	285.5	(72.2%)
Full year dividends per share (cents)	**35.0**	91.0	(61.5%)
Financial Position metrics			
Net assets	**2,656.7**	2,537.5	4.7%
Net cash	**(135.5)**	(102.7)	(31.9%)
Total capital[3]	**2,792.2**	2,640.2	5.8%
Underlying return on capital (%)[4]	**5.9%**	22.8%	(16.9)ppts
Average non-current assets excluding lease-related assets and deferred tax assets	**2,213.8**	1,939.9	14.1%
Return on productive assets (%)[5]	**11.4%**	39.0%	(27.6)ppts
Net tangible assets	**2,508.7**	2,404.2	4.3%
Net tangible assets per share	**13.0**	12.4	4.8%
Other Key metrics			
Net cash inflow/(outflow) from operating activities	**449.2**	547.8	(18.0%)
Capital expenditures	**232.5**	276.2	(15.8%)
Free cash flow after capital expenditures[6]	**216.7**	271.6	(20.2%)
Employees	**4,306**	4,071	5.8%
Proprietary sales tonnes ('000)	**7,972**	8,106	(1.7%)

1 Trading Margin = sales revenue – raw materials and changes in inventory – freight expense.
2 Underlying EBITDA, underlying EBIT and underlying NPAT excludes significant non-recurring items, and the impact of non-qualifying hedges.
3 Total capital = net assets – net cash.
4 Underlying return on capital = (underlying EBIT net of tax at effective tax rate)/total capital.
5 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.
6 Free cash flow after capital expenditures = operating cash flow – capital expenditures.

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 ("GBP"). 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 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–YEAR ENDED 30 JUNE			CLOSING RATE–AS AT 30 JUNE		
	2023	2022	CHANGE	2023	2022	CHANGE
US dollar	**0.6732**	0.7256	(7.2%)	**0.6667**	0.6902	(3.4%)
Euro	**0.6433**	0.6443	(0.2%)	**0.6110**	0.6584	(7.2%)
Pound sterling	**0.5592**	0.5456	2.5%	**0.5248**	0.5668	(7.4%)

As at 30 June 2023, the cumulative effect of the retranslation of net assets of foreign controlled entities, recognised through the foreign currency translation reserve, was $129.1 million compared to $43.7 million as at 30 June 2022.

All balances are stated in Australian dollars unless otherwise stated.

External operating environment

Scrap metal markets were challenging in FY23 compared to FY22, driven by macro-economic impacts including tighter monetary policy and high inflation. Overall, metal prices deteriorated significantly in FY23, relative to FY22. While the end of China's COVID lockdowns drove improvement in the scrap metal market conditions in H2 FY23 compared to H1 FY23, particularly for certain non-ferrous grades and zorba, prices retreated significantly post April 2023 driven by a broader slowdown in global manufacturing activity and China's below-expectations growth. Cost pressures persisted throughout the year.

Ferrous and non-ferrous scrap prices[1] posted declines in FY23 compared to FY22 with ferrous pricing down by 20%. LME Aluminium and copper prices were 19% and 14% lower, respectively.

The rising interest rates environment in most major economies in FY23 put downward pressure on household disposable income and consumption, which in turn reduced manufacturing output and metal consumption. Australian gross domestic product (GDP) growth slowed to 0.2% in March quarter 2023 compared to 0.6% growth in the prior quarter[2]. In the same period, UK continued to report weak GDP growth of 0.1% and US growth slowed from 2.6% in the prior quarter to 2.0%[2].

The Chinese property sector, a significant past contributor to Chinese GDP growth and metal consumption, reported a weak performance. Construction housing starts were down by 25% in the post COVID lockdown period (January to June 2023) compared to the prior corresponding period.[2]

Global steel production fell by 1% from January to June 2023 compared to the prior year with significant reductions from Turkey (down 16% in FY23 over prior corresponding period), France (down 29% in FY23 over prior corresponding period) and Ukraine (down 38% FY23 over prior corresponding period)[3]. Manufacturing PMIs in the US, Australia and Europe have also largely shown contractionary readings in FY23 compared to FY22[2]

1 Argus
2 Bloomberg Finance
3 World Steel Association

OPERATING AND FINANCIAL REVIEW (continued)

External operating environment (continued)

The global automotive sector was an offsetting factor, with high sales growth in key consuming countries. In the US, car sales increased by 13% from January to June 2023, compared to the prior corresponding period and in China car sales increased by 10% in the same period, noting however the low base effect in China because of zero-COVID policies in FY22.[1]

The cost environment was elevated throughout FY23 compared to the prior corresponding period. As of June 2023, US inflation fell to 3% (from a peak of 9% in June 2022), Australia inflation fell to 6% (from 8% in December 2022) and UK inflation fell to 8% (from 11% in October 2022). Labour markets were tight with historically low unemployment rates in the US, UK and Australia in the range of 3.5-4% as of June 2023. [1]

Business activity levels

INTAKE VOLUMES TONNES ,000	YEAR ENDED 30 JUNE		
	2023	2022	CHANGE
North America Metal	**4,903**	5,071	(3.3%)
Australia/New Zealand Metal	**1,492**	1,586	(5.9%)
UK Metal	**1,322**	1,614	(18.1%)
Total Proprietary Volumes	**7,717**	8,271	(6.7%)
Global Trading and other	**1,517**	1,603	(5.4%)
Total Intake Volume	**9,234**	9,874	(6.5%)

Shrunk intake volumes excluding brokerage tonnes ("proprietary intake volumes") decreased by 6.7% to 7.7 million tonnes in FY23 in comparison to FY22 levels. Tightening metal markets during FY23 resulted in reduced buy prices paid by scrap processors. This resulted in reduced scrap material being brought to market. Ferrous intake fell by 6.3%, and non-ferrous intake by 13.4%.

SALES VOLUMES	YEAR ENDED 30 JUNE		
TONNES ,000	2023	2022	CHANGE
North America Metal	**5,063**	5,081	(0.4%)
Australia/New Zealand Metal	**1,510**	1,532	(1.4%)
UK Metal	**1,399**	1,493	(6.3%)
Total Proprietary Volumes	**7,972**	8,106	(1.7%)
Global Trading and other	**1,460**	1,601	(8.8%)
Total Sales Volume	**9,432**	9,707	(2.8%)

Proprietary sales volumes were 8.0 million tonnes in FY23 compared to 8.1 million tonnes in FY22, a decrease of 1.7%. All regions benefitted from improved freight conditions and reduced supply chain disruptions.

1 Bloomberg Finance

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (continued)

Financial Performance

FY23 sales revenue of $8,061.1 million was down 13.0% compared to FY22 sales revenue of $9,264.4 million. In addition to lower sales volumes, average ferrous sales prices fell by 14.4%, and non-ferrous prices fell by 7.4%. Conversely, zorba prices and zorba volumes increased by 2.4% and 4.1% respectively.

Metal trading margin for FY23 fell by 15.2% compared to FY22 driven by challenging trading conditions across all markets.

The Group generated underlying EBITDA of $474.9 million, a decrease of 50.5% compared to FY22 EBITDA of $958.9 million. Included in the EBITDA reduction was a 45.2% decrease in earnings contribution from the 50% interest in SA Recycling ("SAR"). Sims' equity accounted underlying EBITDA was $163.5 million in FY23 compared to $298.5 million in FY22.

FY23 Underlying EBIT was $252.2 million compared to $756.1 million in FY22, a decrease of 66.6%. At constant currency, Underlying EBIT decreased by 68.5%.

Statutory EBIT was $40.8 million higher than Underlying EBIT, including gains on disposal of Sims' interest in Sims Municipal Recycling, and surplus industrial property in Newark, New Jersey. Statutory EBIT for FY23 was $293.0 million, a decrease of 62.1% compared to FY22 statutory EBIT of $773.6 million. At constant currency, statutory EBIT decreased by 64.2%.

FY23 net interest expense was up by 75.6% compared to FY22. This was due to higher interest rates and increased funding costs.

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results[1]

North America Metal

A$M	YEAR ENDED 30 JUNE 2023	2022	CHANGE
Sales revenue	**3,924.6**	4,453.4	(11.9%)
Trading margin	**748.9**	919.9	(18.6%)
Operating costs (excluding D&A)	**(569.3)**	(524.4)	8.6%
Underlying EBITDA	**179.6**	395.5	(54.6%)
Underlying EBIT	**55.5**	293.4	(81.1%)
Proprietary Sales tonnes (thousands)	**5,063**	5,081	(0.4%)
Trading margin (%)	**19.1%**	20.7%	(1.6%)
Underlying EBIT margin (%)	**1.4%**	6.6%	(5.2%)

North America Metal ("NAM") FY23 sales revenue was $3,924.6 million, reflecting a 11.9% decline . At constant currency, sales revenue was down 18.2% to $3,641.2 million compared to FY22 due to an 11.8% (18.2% at constant currency) decrease in average sales prices, combined with flat sales volumes . Trading margin was 18.6% lower (24.5% at constant currency) in FY23 compared to FY22, resulting from lower sales prices and increased domestic competition for infeed materials due to some periods of significantly higher domestic prices relative to export prices.

Operating costs increased by 8.6% to $569.3 million or 0.7% on constant currency in FY23 compared to FY22. Inflation cost pressures were mostly offset by the introduction of a processing levy on shredder feed and lower employee incentive costs.

In FY23, underlying EBIT fell by 81.1% to $55.5 million or $51.5 million on constant currency.

Investment in SAR

A$M	YEAR ENDED 30 JUNE 2023	2022	CHANGE
Sales revenue	**4,519.0**	4,993.1	(9.5%)
Trading margin	**1,417.6**	1,520.1	(6.7%)
Operating costs (excluding D&A)	**(930.5)**	(787.1)	18.2%
Underlying EBITDA	**487.1**	733.0	(33.5%)
Underlying EBIT	**332.7**	620.2	(46.4%)
Underlying EBIT (50% share)	**163.5**	298.5	(45.2%)
Proprietary Sales tonnes (thousands)	**4,969**	4,941	0.6%
Trading margin (%)	**31.4%**	30.4%	1.0%
Underlying EBIT margin (%)	**7.4%**	12.4%	(5.0%)

SAR FY23 sales revenue was down by 9.5% to $4,519.0 million driven by lower sales prices. The JV contributed $163.5 million to the Group's underlying EBIT compared to $298.5 million in FY22. At constant currency, the contribution from SAR was $151.7 million.

Proprietary sales volumes increased by 0.6% during FY23 which included the benefits from bolt-on acquisitions and a full year of trading by the PSC business which was acquired in FY22. The business experienced margin compression due to lower metal prices and market tightening. Operating costs were up by 18.2% (9.7% at constant currency) driven by inflationary pressures. It is notable that SAR experienced a solid recovery in the second half of FY23 assisted by robust domestic scrap demand and resilient domestic ferrous prices.

[1] Certain FY22 comparatives in the Operating Segments Results have been restated to ensure consistency with current year presentation

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results (continued)

Australia & New Zealand Metal

	YEAR ENDED 30 JUNE		
A$M	2023	2022	CHANGE
Sales revenue	**1,563.7**	1,694.4	(7.7%)
Trading margin	**420.2**	455.2	(7.7%)
Operating costs (excluding D&A)	**(223.8)**	(215.0)	4.1%
Underlying EBITDA	**196.4**	240.2	(18.2%)
Underlying EBIT	**142.0**	186.9	(24.0%)
Proprietary Sales tonnes (thousands)	**1,510**	1,532	(1.4%)
Trading margin (%)	**26.9%**	26.9%	–%
Underlying EBIT margin (%)	**9.1%**	11.0%	(1.9%)

Australia and New Zealand ("ANZ") sales revenue of $1,563.7 million in FY23 was 7.7% lower compared to FY22. FY23 trading margin reduced by only 7.7% compared to FY22 despite challenging market conditions. Operating costs increased by 4.1% compared to FY22, due to inflationary pressures, and higher asset running and labour costs, partially offset by lower employee incentive costs.

The business achieved Underlying EBIT of $142.0 million in FY23, representing a 24.0% decrease on the prior year.

UK Metal

	YEAR ENDED 30 JUNE		
A$M	2023	2022	CHANGE
Sales revenue	**1,423.4**	1,594.9	(10.8%)
Trading margin	**209.8**	250.4	(16.2%)
Operating costs (excluding D&A)	**(173.3)**	(155.0)	11.8%
Underlying EBITDA	**36.5**	95.4	(61.7%)
Underlying EBIT	**7.3**	69.8	(89.5%)
Proprietary Sales tonnes (thousands)	**1,399**	1,493	(6.3%)
Trading margin (%)	**14.7%**	15.7%	(1.0%)
Underlying EBIT margin (%)	**0.5%**	4.4%	(3.9%)

FY23 sales revenue of $1,423.4 million was 10.8% lower compared to FY22. At constant currency, sales revenue was down 8.5% to $1,458.9 million compared to FY22. This reduction was attributed to a decline of 8.0% in average ferrous sales prices, and reduction of 6.3% in sales volumes compared to the prior year. Trading margin declined by 16.2% due to challenging market conditions including strong competition for shredder infeed.

Operating costs increased by 11.8% to $173.3 million in FY23 compared to FY22, due to significant inflationary pressures.

Underlying EBIT was $7.3 million in FY23 compared to $69.8 million in FY22. The business achieved a stronger underlying EBIT performance in the second half, notwithstanding an overall decline of 89.5% in FY23.

OPERATING AND FINANCIAL REVIEW (continued)

Operating Segment Results (continued)

Sims Lifecycle Services ("SLS")

	YEAR ENDED 30 JUNE		
A$M	2023	2022	CHANGE
Sales revenue	**325.4**	327.0	(0.5%)
Underlying EBITDA	**18.8**	25.9	(27.4%)
Underlying EBIT	**8.2**	16.3	(49.7%)
Underlying EBIT margin (%)	**2.5%**	5.0%	(2.5)%
Repurposed Units (million)	**3.8**	2.7	40.7%

Sims Lifecycle Services ("SLS") FY23 sales revenue was $325.4 million, representing a decrease of 0.5% compared to FY22 due to a reduction in resale prices resulting from COVID lockdowns in China and subsequent slow recovery.

Pleasingly, SLS's volume of repurposed units processed grew by 40.7% compared to the prior year, despite the impact of supply chain constraints and delayed refresh rates from hyperscalers.

Underlying EBIT was $8.2 million in FY23 compared to $16.3 million in FY22, being impacted by both margin compression and inflationary pressures.

In light of China's slow recovery, any resale price increases are not anticipated until end calendar 2023 or early calendar 2024.[2]

Corporate and Other (Underlying EBIT)

	YEAR ENDED 30 JUNE		
A$M	2023	2022	CHANGE
Global Trading	**(24.3)**	(20.3)	19.7%
Corporate	**(98.4)**	(100.1)	(1.7%)
Sims Municipal Recycling	**(3.0)**	14.6	NMF
Energy	**11.5**	4.0	187.5%
Sims Resource Renewal	**(10.0)**	(7.0)	(42.9%)

Global Trading underlying EBIT loss of $24.3 million during FY23 was 19.7% higher than FY22 underlying EBIT loss of $20.3 million. The higher loss represented lower brokerage on export shipments from SA Recycling, and higher costs associated with strategic initiatives.

Corporate EBIT loss was $98.4 million during FY23, which was a reduction from FY22 due to lower incentive awards, partially offset by inflationary pressures.

Sims Municipal Recycling ("SMR") Underlying EBIT loss of $3.0 million in FY23, represents Sims' share of the trading result up until its restructure of ownership interest in January 2023.

Sims' energy investments, including its 50% investment in the LMS Energy Pty Ltd joint venture ("LMS") contributed $11.5 million of equity accounted profits during FY23, a $7.5 million increase over the prior corresponding period.

Costs relating to Sims Resource Renewal increased during the year. The increase was attributable to the operation of the Rocklea pilot plant and further strategy development.

[2] TrendForce and Sims Lifecycle Services

OPERATING AND FINANCIAL REVIEW (continued)

Reconciliation of Statutory Results to Underlying Results

	EBITDA[1]		EBIT		NPAT	
	FY23	FY22	FY23	FY22	FY23	FY22
A$M						
Reported earnings	**515.7**	976.4	**293.0**	773.6	**181.1**	599.3
Significant items:						
Gain on fair valuation of investment	**(49.2)**	–	**(49.2)**	–	**(37.8)**	–
Non-recurring gains on asset disposals	**(36.5)**	(79.1)	**(36.5)**	(79.1)	**(28.0)**	(59.2)
Non-qualified hedges	**18.7**	(16.7)	**18.7**	(16.7)	**18.7**	(16.7)
ERP Software Implementation Cost	**4.7**	41.5	**4.7**	41.5	**3.3**	29.0
Acquisition transaction costs	**–**	3.7	**–**	3.7	**–**	2.7
Restructuring & redundancies	**13.4**	5.9	**13.4**	5.9	**10.6**	4.3
Legal & Environmental, net of recoveries	**2.2**	19.5	**2.2**	19.5	**1.7**	13.9
Impact of fire, flood	**–**	7.7	**–**	7.7	**–**	5.6
SA Recycling amortisation reversal	**(16.8)**	–	**(16.8)**	–	**(12.9)**	–
SRR impairment	**9.9**	–	**9.9**	–	**9.9**	–
Alumisource contingent consideration	**14.5**	–	**14.5**	–	**11.1**	–
Other non-recurring items	**(1.7)**	–	**(1.7)**	–	**(0.8)**	–
Underlying results	**474.9**	958.9	**252.2**	756.1	**156.9**	578.9

1 EBITDA is a measurement of non-IFRS financial information. See table below that reconciles EBITDA to statutory net profit.

The major significant item amounts recorded in FY23 include the following:

- Gain on fair valuation of investment included the gain on restatement of the 49% interest in SMR to market value.
- Non-recurring gains on asset disposals included the gain on sale of land in NAM.
- Non-qualified hedges included the mark-to-market on commodity hedges held at balance date.
- ERP cost included residual costs associated with the SAP implementation which went live in July 2022. There will be no further amounts included in significant items in respect of the ERP in future periods.
- Restructuring and redundancies predominantly related to operational efficiencies and realignment of processing capability in the SLS business in FY23.
- SA Recycling amortisation: Included in the Group's share of profit from SA Recycling for the 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 period relating to prior periods had no material impact on the Group's FY23 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.
- Sims Resource Renewal (SRR) impairment: In June 2023, the Group made the decision to withdraw its Development Licence and Planning Permit application in relation to the Campbellfield project in Victoria. Sims Resource Renewal is no longer in a position to pursue the Campbellfield project. In total, $9.9 million was written off at 30 June 2023.
- Alumisource Contingent Consideration: On 12 February 2021, the Group acquired Alumisource Corporation which included contingent consideration based on the performance of the business post-acquisition. During the year ended 30 June 2023, an amount totalling $3.5 million was recognised as an interest expense in relation to the unwind of the discount on the contingent consideration. A further $14.5m was recognised in relation to the final amount payable to the vendor in FY24. This amount is recognised as a Significant Item in Note 4. The total amount payable recorded was $54 million which is recognised as a Current Liability in Note 15.

OPERATING AND FINANCIAL REVIEW (continued)

Reconciliation of Statutory NPAT to EBITDA

	YEAR ENDED 30 JUNE	
A$M	2023	2022
Statutory net profit after tax	**181.1**	599.3
Depreciation and amortisation, net of right of use asset depreciation	**137.0**	125.2
Right of use asset depreciation	**85.7**	77.6
Interest expense from external borrowings, net of interest income	**17.8**	8.0
Lease liability interest expense	**10.3**	8.0
Income tax expense	**83.8**	158.3
Statutory EBITDA	**515.7**	976.4

Cash flow and borrowings

FY23 Cash inflow from operating activities was $449.2 million compared to $547.8 million in FY22 despite lower operational earnings across all businesses in comparison to FY22, and lower distributions from SA Recycling. This was offset by a release of working capital with the group benefiting from reducing inventory levels and lower metal prices.

Capital expenditures for property, plant and equipment and intangible assets, excluding acquisitions, were $232.5 million during FY23 compared to $276.2 million in FY22. Sustaining Capex was $171.5 million in FY23. Growth Capex of $61.0 million included the investment in Sims Resource Renewal's Rocklea pilot facility and land purchases.

During FY23, the Group paid cash dividends of $123.6 million compared to $140.2 million in FY22 and bought back Sims shares to the value of $14.6 million compared to $123.9 million in FY22.

On 30 June 2023, the Group had a net cash position of negative $135.5 million compared to a negative net cash position of $102.7 million on 30 June 2022. The Group calculates net cash as cash balances less total borrowings and reflects total borrowings as if borrowings were reduced by cash balances as a pro forma measurement as follows:

	AS AT 30 JUNE	
A$M	2023	2022
Total cash	**308.7**	252.8
Less: total borrowings	**(444.2)**	(355.5)
Net cash	**(135.5)**	(102.7)

OPERATING AND FINANCIAL REVIEW (continued)

Strategic Developments

Good progress was made on the Group's strategic growth initiatives during FY23. To ensure long-term growth we actively managed our portfolio to adapt to market changes. As part of this effort, we identified underperforming, undervalued and underutilised assets in our portfolio of businesses. We took further steps to divest these assets and recycle the proceeds of the sale to grow the core business.

Initiative	Progress
Metals	Continued trials to elevate the quality of materials to meet the requirements of flat steel products. The trials continued to show promising results.
	Implemented upgrading projects across the Metal segments and acquired a 5,592 sqm purpose-built site in Bathurst to drive organic growth.
	Acquired Northeast Metal Traders, a non-ferrous scrap metal recycler with operations in Philadelphia.
	Sold surplus land, located at 250 Doremus Avenue.
	Acquired Baltimore Scrap Corp, a leading large-scale metal recycler with operations on the US East Coast.
SA Recycling	PSC business has operated on SA Recycling's consolidated platform since 1 July 2022. In addition, SA Recycling completed six bolt-on acquisitions during the year.
Lifecycle Services	Invested in IT capability.
Resource Renewal	Finalised construction of the Pilot Resource Renewal facility at Rocklea in Queensland. The site commenced operations in June.
Sims Municipal Recycling	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 and is in the process of being divested.
LMS Energy and Sims Energy	Announced the divestment of both businesses.

Capital Structure

The Company maintained a solid balance sheet with a net debt position of $135.5 million as at 30 June 2023.

The approach to capital management is staged and disciplined as:

- projects must pass all feasibility, design stage gates and approval processes prior to capital commitment; and
- there is a rigorous post-implementation review where expected returns need to be achieved prior to further investment.

Sustaining and environmental capital expenditure for FY24 is expected to be approximately $180.0 million. While further planning around the development of the Pinkenba site will occur in FY24, material cashflows to fund this development are not expected until FY27 and beyond.

The Company will also consider external growth opportunities that fit the growth strategy, complement core competencies, and enhance returns, without elevating the Group's operating risk profile.

OPERATING AND FINANCIAL REVIEW (continued)

Short term outlook

We are confident in the medium and long-term fundamentals of the business.

The global steel demand remains subdued as we enter the first half of FY24.

The demand for ferrous scrap in the USA spurred on by infrastructure spending and EAF steelmaking production is expected to remain robust.

The current scrap prices may result in a continuation of soft scrap inflows.

We expect the zorba price to remain stable largely due to the subdued supply of shredder infeed.

The rebuilding of the earthquake affected regions in Turkey has not meaningfully commenced. Upon commencement, this should create significant consumption of steel products from Turkey and place upward pressure on ferrous scrap.

Medium to long-term outlook

We remain 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.

NAMES AND PARTICULARS OF DIRECTORS

The following persons, together with their qualifications and experience, were Directors of the Company during the financial year and up to the date of this report:

Geoffrey N Brunsdon AM B Comm
Chairman and Independent non-executive director

Mr Brunsdon was appointed as a director in November 2009, appointed Deputy Chairperson in September 2011 and appointed Chairperson of the Company on 1 March 2012. He is Chairperson of the Nomination/Governance Committee, and is a member of the Risk Committee, the Audit Committee and the People & Culture Committee. Until June 2009, Mr Brunsdon was Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. He is Chairman of MetLife Insurance Limited (since April 2011) and PayPal Australia Pty Limited (June 2021). He was a member of the listing committee of the Australian Securities Exchange between 1993 and 1997, a member of the Takeovers Panel between 2007 and 2016 and was a director of Sims Group Limited between 1999 and 2007. He is a Fellow of the Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australia and a Fellow of the Institute of Company Directors. Mr Brunsdon is also a director of the Wentworth Group of Concerned Scientists and Purves Environmental Custodians and, in 2019, was awarded the rank of Member of the Order of Australia (“AM”).

Alistair Field (NHD) Mech Eng, MBA
Group Chief Executive Officer and Managing Director

Mr Field was appointed Group Chief Executive Officer and Managing Director of the Company in August 2017. He is a member of the Safety, Health, Environment, Community & Sustainability (“SHECS”) Committee, the Nomination/Governance Committee and the Risk Committee. Mr Field joined the Company on 1 October 2015 as the Managing Director of ANZ Metal. He has more than 25 years of experience in the mining and manufacturing industries. He has held a number of senior leadership positions, including most recently as Director of Patrick Terminals & Logistics Division for Asciano Limited, and previously as Chief Operating Officer for Rio Tinto Alcan’s Bauxite and Alumina Division. Mr Field is a Mechanical Engineer with an MBA from the Henley Business School.

Tom Gorman BA, MS, MBA
Independent non-executive director

Mr Gorman was appointed as a director in June 2020. He is the Chair of the Safety, Health, Environment, Community & Sustainability Committee. Mr Gorman served as the Global Chief Executive Officer of Brambles Ltd for seven years, retiring in February 2017. Prior to Brambles, Mr Gorman held a number of senior executive positions over a 21 year career at Ford Motor Company, culminating in President and Chief Executive Officer of Ford Australia from 2004 to 2008. He is a director of Worley Ltd, a global provider of professional project and asset services, Orora Ltd, a packaging solutions specialist, and Alcoa Corporation, a global leader in the production of bauxite, alumina and aluminium products. Mr Gorman holds a Bachelor of Arts in Economics from Tufts University, a Master of Business Administration from Harvard Business School and a Global Master of Arts in International Relations and Affairs from Tufts University. He serves as a trustee of the Maine Chapter of The Nature Conservancy.

Hiroyuki Kato, BA
Non-independent non-executive director

Mr Kato was appointed as a director in November 2018 and is Mitsui & Co, Ltd’s nominated non-independent director. He is a member of the Risk Committee and the Safety, Health, Environment, Community & Sustainability Committee. Mr Kato started his business career in the iron ore division of Mitsui, where he gained considerable experience relating to the mining industry, which became the backbone of his long career at Mitsui. After completing two assignments in New York and attending MIT Sloan School of Management, Mr. Kato held various positions in Mitsui’s oil and gas divisions. In June 2020, Mr Kato retired from his position as a Counsellor to Mitsui. He is a director of Obayashi Corporation, a leading global construction company.

NAMES AND PARTICULARS OF DIRECTORS (continued)

Georgia Nelson BS, MBA
Independent non-executive director

Ms Nelson was appointed as a director in November 2014. She is Chairperson of the Risk Committee, and is a member of the Audit Committee and the People & Culture Committee. Ms Nelson is an experienced director, having served as a board director of ten corporations over more than 25 years. Through her company, PTI Resources, LLC, Ms Nelson consulted on a variety of environmental and energy policy matters from 2005 to 2019. A global operations executive, Ms Nelson was the former founding president of Midwest Generation EME, LLC, an Edison International company, and senior vice president of worldwide operations for Edison Mission Energy. Ms Nelson serves as a director of three publicly traded U.S. corporations: Cummins Inc, a global engine and equipment manufacturer, Ball Corporation, a global metals container manufacturing company, and Custom Truck One Source, a leading provider of specialised truck and heavy equipment solutions to the utility, telecommunications, rail and infrastructure markets in North America. Ms Nelson received a Bachelor of Science from Pepperdine University and a Master of Business Administration from the University of Southern California.

Deborah O'Toole LLB, MAICD
Independent non-executive director

Ms O'Toole was appointed as a director in November 2014. She is Chairperson of the Audit Committee, and is a member of the Risk Committee and the People & Culture Committee. Ms O'Toole has extensive executive experience across a number of sectors including over 20 years in the mining industry and, more recently, in transport and logistics which included managerial, operational and financial roles. She has been Chief Financial Officer in three ASX listed companies, MIM Holdings Limited, Queensland Cotton Holdings Limited, and Aurizon Holdings Limited. Ms O'Toole currently serves as Chair of Transurban Queensland, and as an independent director of Pacific National Rail Group, Great Southern Bank (formerly Credit Union Australia), Alumina Limited and Sydney Airport Corporation Limited. Ms O'Toole serves as the Chair of the Audit Committee or Audit and Risk Committee of each of Pacific National Rail Group, Great Southern Bank and Alumina Limited. Ms O'Toole holds a law degree and is a Member of the Australian Institute of Company Directors.

Victoria Binns
Independent non-executive director

Ms Binns was appointed as a director in October 2021. She is a member of the Audit Committee, the People & Culture Committee and the Safety, Health, Environment, Community & Sustainability ("SHECS") Committee. Ms Binns has more than 35 years of experience in the global resources and financial services sectors, including 10 years in executive leadership roles at BHP in Asia and 15 years in financial services with Merrill Lynch Australia and Macquarie Equities. During her career at BHP, Ms Binns' roles included Vice President Minerals Marketing, leadership positions in the metals and coal marketing business, and Vice President of Market Analysis and Economics. She was also co-Founder and Chair of Women in Mining and Resources Sg (WIMAR Sg). Prior to joining BHP, Ms Binns held a number of Board and senior management roles at Merrill Lynch Australia, including Managing Director and Head of Australian Research, Head of Global Mining, Metals and Steel, and Head of Australian Mining Research. Ms Binns is a Non-Executive Director of two other ASX-listed companies, Evolution Mining and Cooper Energy. She is also a Non-Executive Director for the NFP Carbon Market Institute (CMI), and a member of the Advisory Council for JP Morgan, Australia & New Zealand.

Philip Bainbridge – appointed 1 September 2022
Independent non-executive director

Mr Bainbridge was appointed as a director on 1 September 2022. He is Chairperson of the People & Culture Committee and a member of the Risk Committee. Mr Bainbridge has extensive senior executive experience, primarily in the oil and gas sector across exploration, development and production. He has worked in a variety of jurisdictions, including North America, Europe, Asia and Australia. His most recent executive role was as Executive General Manager LNG for Oil Search Limited. Prior to that, he served in senior executive roles at Pacific National and BP Group. Mr Bainbridge is currently a Non-Executive Director of Newcrest Mining Limited. He is also Chairman of the Global Carbon Capture and Storage Institute, and Sino Gas and Energy. He was previously Chair of the Papua New Guinea Sustainable Development Program.

COMPANY SECRETARIES

Gretchen Johanns (Executive)

Ms Johanns joined the Company in November 2018 as Group General Counsel and Company Secretary. Ms Johanns has more than 25 years of experience as a senior legal advisor with U.S. publicly-listed companies in the information technology, service and media industries. Prior to joining the Company, Ms Johanns served as Deputy General Counsel and Corporate Secretary at Xerox Corporation. Previously, she served in various legal roles at Time Warner Cable Inc.

Ana Metelo

Ms Metelo was appointed to the position of Company Secretary in July 2021. She has had a varied international career in finance, capital markets, law, and strategy across the consumer goods, REIT and industrial sectors. Prior to joining the company, Ms Metelo led investor relations at Coca-Cola Amatil.

DIRECTORS' MEETINGS

The following table shows the number of board and committee meetings held during the financial year ended 30 June 2023 and the number of meetings attended by each Director:

	BOARD OF DIRECTORS	AUDIT COMMITTEE	RISK COMMITTEE	SHECS COMMITTEE	PEOPLE & CULTURE COMMITTEE	NOMINATION/ GOVERNANCE COMMITTEE
Meetings held	8	6	5	4	5	4
G Brunsdon	8	6	5	–	5	4
A Field	8	–	5	4	–	4
T Gorman	8	–	–	4	–	–
H Kato	8	–	5	4	–	–
G Nelson	8	6	5	–	5	–
D O'Toole	8	6	5	–	5	–
H Ridout[2]	7	–	4	4	5	4
V Binns	8	–	–	4	5	–
P Bainbridge[1]	6	–	4	–	3	–

1 Mr Bainbridge joined the Board from 1 September 2022 and has attend all meetings since his appointment.

2 Ms Ridout retired from the Board on 31 March 2023 to take up the role of Australia's ConsulGeneral in New York.

Directors also attend meetings of committees of which they are not a member. This is not reflected in the table above.

DIRECTORS' INTERESTS

As at the date of this report, the interests of the Directors in the shares, options, or performance rights of the Company are set forth below:

	SHARES
G Brunsdon	39,057
A Field[1]	489,648
T Gorman	4,500
H Kato	–
G Nelson	6,700
D O'Toole	17,500
H Ridout	5,000
V Binns	–
P Bainbridge	7,500

1 The table above shows only the shares held by Mr Field. Refer to the Remuneration Report for information on options and performance rights held by Mr Field.

DIVIDENDS

In August 2023, the Directors have declared a final dividend of 21.0 cents per share (100% franked) for the year ended 30 June 2023. The dividend will be payable on 18 October 2023 to shareholders on the Company's register at the record date of 4 October 2023.

The Directors have determined that the dividend reinvestment plan will not operate in relation to this dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 6 July 2023, the Board announced the retirement of Alistair Field and the appointment of Stephen Mikkelsen as Group Chief Executive Officer and Managing Director, effective 1 October 2023. Steve Skurnac, currently serving as Group Chief Development Officer, will take on the role of Interim CFO, commencing 1 October 2023. Upon the appointment of a permanent CFO, Mr Skurnac will retire from Sims.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 15 August 2023, the company entered into an agreement to acquire the assets of Northeast US based metal recycler, Baltimore Scrap Corporation and its affiliated entities, for the amount of US$177 million plus working capital adjustments. This transaction will involve the company acquiring 17 facilities, with four shredders and extensive rail, barge, and port infrastructure. The acquisition is anticipated to close in October 2023.

Other than the matter above, the Directors are not aware of any items, transactions or events of a material or unusual nature that have arisen since the end of the financial year which will significantly affect, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the Group is set out in the Operating and Financial Review above.

ENVIRONMENTAL REGULATION

Sims Limited and it's controlled entities (Sims or the Group) are 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 12 months, there have been no material exposure to the risk of breaches of environmental permits conditions or legislation.

CLIMATE CHANGE RISKS

Climate change poses physical risks to our business, our people, and to the infrastructure, communities and environment that we engage with. We believe that the transition to a low-carbon economy encompasses the transition to a circular economy and presents opportunities for our business as well as risks.

Learn more about our approach to climate change, including our detailed assessment of the risks and opportunities, in our Climate Report. Performance data is included in our Sustainability Databook, both available at https://www.simsltd.com/sustainability/download-centre/

Opportunities

At Sims, the low-carbon transition is at the heart of our business strategy: Increase our positive impact in the circular economy and take actions to decarbonise our operations and value chain in line with our energy and climate targets. Sims provides high-quality recycled metals in place of virgin materials, which enables the avoidance of emissions, including those associated with extraction, refining and production. Metals such as steel, copper and aluminium are essential to the transition to a low-carbon urban economy; used in applications such as Solar PV and wind farms, electric vehicles and urban construction.

The strategic and scenario analyses we have outlined in our Climate Report demonstrate that as an enabler of the global circular economy, Sims is well placed to assist customers in lowering their respective carbon footprints as the world transitions to a circular, low-carbon economy and to deliver on our purpose: Create a world without waste to preserve our planet.

Threats

Climate change impacts physical, economic and social systems, so climate risks are reflected across the Sims risk profile. Climate change can alter the likelihood and impact of risks, as well as the effectiveness of controls. The potential impacts of climate change on our strategy (both physical risk and climate risk) are outlined in the Climate Report. Key physical risks arise as a result of extreme temperatures (including health & safety issues for employees and productivity loss) and extreme wet (including flooding, sea level rise, and other acute weather events).

Failure to manage climate change risk could lead to loss of stakeholder support, increased taxes and regulation, enforcement action, litigation or class actions, and negatively affect our reputation, ability to attract and retain talent, ability to access capital, operational continuity and financial performance.

CLIMATE CHANGE RISKS (continued)

Risk appetite

Sims is committed to living its purpose and views environmental risks, as opportunities that allow us to differentiate our offering, even when it is difficult. We encourage constant innovation and improvement that protect the environment we operate in, exceed the public's expectations, and set the standard for our industry.

Our management response includes:

- Publishing a comprehensive Climate Report, aligned to the TCFD recommendations, and giving our shareholders the opportunity to endorse it in an advisory vote every three years. The last vote was at the 2022 AGM where 89.6 percent of issued capital voted in favour
- Outlining our approach to managing the transition and physical risks of climate change is in our Climate Report
- Establishing clear targets to lower GHG emissions in our direct operations over the short, medium, and longer term to reduce risk exposure relating to policy, regulation, and carbon pricing; and including incentives related to these targets in remuneration incentives
- Using climate scenarios, including a Paris-aligned 1.5C scenario, to inform our strategy and business plans
- Using carbon pricing when making capital expenditure decisions, including merger & acquisition activity
- Advocating for an orderly transition to a circular, low-carbon economy; including reviewing industry association memberships to ensure alignment with our climate and energy policy positions
- Engaging regularly with investors, governments, industry associations, membership-based sustainability organisations, ESG proxy advisers and customers to identify and monitor emerging climate change risks, opportunities and trends
- Being transparent in our annual disclosure of climate related performance, opportunities and threats, in accordance with sustainability reporting standards including GRI, SASB and TCFD.

HEALTH & SAFETY RISKS

Health & Safety are company values taken seriously. Sims leads in safety performance for the simple reason that we do not wait to respond to incidents, but effectively address risks proactively through our global lead indicator programs. Our Health and Safety strategy uses data to target specific risks and verifying the effectiveness of controls, and we build a culture of safety excellence.

Learn more about our approach to safety, including performance data in the Sustainability Report and Databook, available at https://www.simsltd.com/sustainability/download-centre/

Opportunities

Demonstrating that we can meet or exceed our commitments in safety supports operational resilience, our ability to attract and retain talent, and helps us achieve our purpose.

Threats

We engage in activities that have the potential to cause harm to our people, including serious injuries and fatalities. A serious safety event could cause damage or disruptions to our assets and operations, impact our financial performance, result in litigation or regulatory action, and cause long-term damage to our social licence to operate and reputation. Safety incidents can alter the lives of the individual, their family and community.

Risk appetite

First and foremost is safety. We are committed to providing a safe working environment for our people, and will take all reasonable steps to protect the public, our customers, contractors and suppliers. Therefore, we have no tolerance for behaviour that compromises the safety of our people and the wider community. Sims takes the mental wellbeing of our workforce just as seriously as their physical wellbeing and encourage our workforce to feel comfortable openly discussing their struggles.

HEALTH & SAFETY RISKS (continued)

Our management response includes:

- Defining 18 critical control verifications to address critical risks (those risks with the potential of causing the most serious harms). Key focus areas, such as traffic management, have been identified based on risk levels and the highest likelihood of occurrence.
- Specifying minimum and recommended requirements for hazard controls
- Reporting, investigating, and sharing learnings from incidents across Sims
- Developing a proactive safety culture through training, surveying and management example
- Investigation and deploying technology for incident prevention and detection
- Providing Employee Assistance Programs for employees to receive support related to mental health, general wellbeing, and other concerns
- Including targets related to safety performance in remuneration incentives
- Maintaining evacuation routes, supporting equipment, crisis and emergency response plans and business continuity plans.
- Being transparent in our annual disclosure of climate related performance, opportunities and threats, in accordance with sustainability reporting standards including GRI and SASB.

SOCIAL LICENCE

We recognise the significant shifts in our external operating environment and increased stakeholder expectations regarding the role of companies in society and the communities in which they operate. In particular, we recognise that without a social license from our communities and broader stakeholders, we would simply not able to operate. In this context we have developed a Social Licence Framework, not just to manage risks associated with maintaining our Social Licence, but importantly to ensure Sims continues to be a *partner for change* in the communities in which we operate.

Learn more about our role as partner for change, please refer to our ESG Briefing (October 2022) https://sltd.s3.amazonaws.com/2022-ESG-Briefing.pdf

Opportunities

Building, maintaining and deepening our relationships with the communities we operate, and our wider stakeholders supports operational resilience and our ability to attract and retain talent (which is mostly sourced from the local community). Our customer base is oftentimes also local, and we want to be the place where the local community and supplier base recycle their metals. This not only helps our bottom-line by giving us access to intake at source, but also develops our brand and credibility as a business and supports our purpose, to create a world without waste to preserve our planet.

Threats

The rapid gentrification or urbanisation of previously industrial or semi-rural suburbs in the vicinity of larger cities means that most of our sites, even if relatively removed from urban centres at inception, are now in close proximity to (or in the midst of) urban areas or sensitive receptors. Through our operations, we have the potential to cause disruption and nuisance to the communities and the environment around us, whether through dust, noise, increased heavy-vehicle traffic, and other factors. A serious fire event, for example, could potentially cause damage or disturbances to the environment, our neighbours and the community at large, impact our financial and operational performance, result in litigation or regulatory action, and ultimately cause long-term damage to our social licence to operate and reputation.

Risk appetite

We encourage fostering trust with the communities in which we operate, by acting authentically in line with our purpose, and by being transparent about our business and our vision to protect our planet. We encourage prioritisation of projects that mitigate negative impacts to the community. We encourage our purpose “create a world without waste” to be lived through our actions across all our sites.

SOCIAL LICENCE (continued)

Our management response includes:

- A vast array of operational measures are in place and substantial investments identified to address and mitigate any undesirable impact of our operations on our communities and the environment. Such measures include (but are not limited to) buffer walls, enclosing some of our equipment (where reasonably practicable), planting trees to screen off noises and improve visuals, etc.
- Targeted, locally focused action plans in place for key sites
- Social Licence Framework and associated governance mechanisms in place
- Dedicated resources in key locations to understand our communities' needs and drive our action plans
- Reporting, investigating, and sharing learnings from incidents impacting our communities and the environment across the Group
- Developed crisis and emergency response plans and business continuity plans
- Sims work collaboratively with local fire departments and fire detection firms to ensure our control measures in fire prevention and methods for response continually improve with new technologies. Over the past year, we partnered with fire detection firms to trial state-of-the-art, machine-learning early detection warning systems to control fire risk.

REGULATIONS AND PUBLIC POLICY

As previously articulated, we recognise the significant shifts in our external operating environment and increased stakeholder expectations, including those from government and regulatory authorities. In this regard, we view the efforts of government (and private sector) to de-carbonize and lower emissions as a significant opportunity for Sims.

Particularly relevant to Sims are cap and trade schemes, emissions limits, as well as carbon-pricing mechanisms and taxes on GHG emissions. 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.

Opportunities

As described under 'Climate Change' for Sims, the low-carbon transition is at the heart of our business strategy. As such, we see a significant upside in the current and proposed government policies which aim at transitioning to a low-carbon economy. As a leader in the metals recycling industry, we see ourselves as an indispensable part of the transition, and in furthering the circular-economy agenda, either through strategic industry associations or directly engaging with government where appropriate.

Threats

The potential threats arising from these changes or measures range between tactical challenges such as increased cost of purchased energy or capital costs needed for the electrification of equipment or lower emissions equipment, to, on a strategic front, potential restrictions to exports of our products which may came through waste management initiatives. Sims has not to date experienced any material negative impact related to these current or potential regulations but we continue to monitor, evaluate and engage with government and through industry associations, to ensure we remain current and are able to respond to these changes with sufficient agility.

Risk appetite

Sims requires strict compliance with laws and regulations across our organisation including safety, trading, environment, and reporting to the public. While we require compliance, we simultaneously pursue clarity in environmental regulations and strive to ensure all players in the industry are held to the same environmental standards that we pursue.

We encourage regular community and bi-partisan political engagement efforts at a federal, state and local level, to support achievement of our purpose and vision. We discourage complacency in our processes and procedures that put us at risk of regulatory violations and lawsuits (including environmental, anti-bribery, privacy, etc).

REGULATIONS AND PUBLIC POLICY (continued)

Our management response includes:

- Engaging through industry associations, business chambers, and directly with government where appropriate
- Annual review of industry association lobbying to monitor activity alignment with Sims' policy and position (particularly regarding climate change).
- Monitoring and scanning for changes in the policy and regulatory environment
- Engagement of specialised third-party advisory firms or individuals as required
- Government Engagement & Advocacy Policy to guide activities
- Rotating, regular internal Audit reviews of site compliance with key regulatory obligations
- Internal Controls Questionnaires to regularly assess and report on the status of key controls pertaining to areas of regulatory compliance across all our sites
- Annual Compliance training for all staff
- Whistleblower mechanisms in place to ensure any breaches of laws or regulation can be promptly and (where desired) anonymously reported and recorded.

INSURANCE AND INDEMNIFICATION OF OFFICERS

During the financial year, the Company had contracts in place insuring all Directors and Executives of the Company (and/or any subsidiary companies in which it holds greater than 50% of the voting shares), including Directors in office at the date of this report and those who served on the board during the year, against liabilities that may arise from their positions within the Company and its controlled entities, except where the liabilities arise out of conduct involving a lack of good faith. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contracts.

SHARE OPTIONS AND RIGHTS

Unissued shares

As of the date of this report, there are 2,121,374 share options outstanding and 5,789,609 rights outstanding in relation to the Company's ordinary shares. Refer to note 28 of the consolidated financial statements for further details of the options and rights outstanding as at 30 June 2023. Option and right holders do not have any right, by virtue of the option or right, to participate in any share issue of the Company.

Shares issued as a result of the exercise of options and vesting of rights

During the financial year, there were 445,674.00 ordinary shares issued upon the exercise of share options and 1,570,865 ordinary shares issued through the employee share ownership programme trusts in connection with the vesting of rights. Refer to note 28 of the consolidated financial statements for further details of shares issued pursuant to share-based awards. Subsequent to the end of the financial year and up to the date of this report, there have been nil ordinary shares issued upon the exercise of share options and nil ordinary shares issued in connection with the vesting of rights.

NON-AUDIT SERVICES

The Company may decide to employ its external auditor (Deloitte Touche Tohmatsu) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are set out in note 31 of the consolidated financial statements.

The Board has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set forth in note 31 of the consolidated financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Act is set out on page 52 and forms part of the Directors' Report for the year ended 30 June 2023.

ROUNDING 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
New South Wales
15 August 2023

A Field
Managing Director and Group CEO
New South Wales
15 August 2023

REMUNERATION REPORT

INTRODUCTION FROM THE CHAIR OF THE PEOPLE & CULTURE COMMITTEE

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Sims Limited's Remuneration Report for the fiscal year ended 30 June 2023 (FY23).

Sims' executive remuneration framework is designed to

- Attract, motivate and retain an excellent calibre of leadership talent from the global marketplace in which we operate,
- Align executive remuneration with shareholder's interest,
- Drive both short term and long term performance within our cyclical industry and market dynamics, and
- Foster and support our purpose, values and culture.

Each year, we review our executive remuneration framework to ensure that it remains competitive considering our short and longer term strategic objectives, and that we have appropriately considered external factors and views expressed by our shareholders and advisors.

Following our engagement with key stakeholders in FY22, the Board made the following changes to the remuneration framework for FY23:

- A portion of the Short Term Incentive (STI) opportunity will be deferred into Sims shares with a holding period of 2 years if the bonus award is above 120% threshold.
- The Strategic Share Incentive (SSI) component of the Long Term Incentive (LTI) was replaced with a three-year Return on Productive Assets Rights performance metric.
- All LTI grant values are now determined using the face value of the underlying Sims ordinary shares, eliminating the practice of using fair value for the Total Shareholder Return (TSR) awards.
- All executive KMP are now subject to Minimum Shareholding Guidelines to continue to further reinforce an ownership mindset.

Overview of FY23

The geopolitical and economic uncertainties that we saw materialise in the latter half of FY22 have persisted throughout FY23. As a result, we have experienced increased operating expenses and lower trading margins, resulting in a reduction to the FY23 underlying EBIT result relative to the prior year. Notwithstanding these shorter-term headwinds, the company had solid operating cashflow and continued to pay meaningful dividends to shareholders.

Our capital recycling strategy is designed to optimise resource allocation and ultimately increase long-term shareholder value by reinvesting in the core metal business. In FY23, we took further steps to reshape our portfolio of businesses by announcing the sale of our 50% shareholding in the LMS Energy business and remaining stake in Sims Municipal Recycling.

Our people remained focused and engaged, and we delivered on the longer-term corporate growth strategy that will position Sims to capitalise on the continued decarbonisation of the metal industry and demands of the market.

We have continued our trend of strong progress on our sustainability commitments in FY23 with another year of outstanding performance on our Total Recordable and Lost Time Injury Frequency Rates, with each metric falling to new lows, and exceeding our gender diversity objective for the management level and above.

We made a significant stride towards greater gender equity within our organisation. Through concerted efforts and a commitment to inclusivity, the gender pay equity gap dropped to 2.9% in FY23, from 8.2% reported in the prior year.

In addition, we are proud to be endorsed by Reconciliation Australia for our second Reconciliation Action Plan, Innovate RAP, which we launched in May 2023 and encompasses all our Australian businesses. Innovate RAP expands our commitment to forming new commercial relationships with Indigenous-owned businesses.

We are proud to have been recognised by independent agencies as one of the world's most sustainable companies and have embedded a corporate culture at Sims with sustainability at its core, which drives growth across all our businesses.

REMUNERATION REPORT (continued)

FY23 remuneration framework and outcomes

In line with the prior year, the FY23 financial component of the STI was assessed on a single EBIT target set for the entire year. Based on a FY23 EBIT result, the Company did not achieve the minimum threshold for payment of the financial component of the annual bonus plan and therefore no bonus will be paid to the KMP for that portion of the STI.

The second component of the annual plan is based on an assessment of executives' non-financial individual performance goals, and KMP achieved 105%-115% for that portion of the bonus. In total, the CEO and executives achieved a STI outcome of 11%-13% of the maximum STI bonus. In addition, for the third consecutive year, the Board determined to make no increase to either the CEO or CFO's base salaries in FY23.

Our LTI award is focused on the alignment to the shareholder experiences and delivering sustainable growth and value over the long term. The outstanding performance over the three-year measurement period resulted in the 81st percentile against the comparator group achieving the full vesting against the TSR performance hurdle, and after careful consideration of a range of factors, the Board determined that Strategic Performance Rights (SPR) will vest at 85%.

KMP changes

After serving since 2011, Heather Ridout announced her retirement from Sims' Board in FY23 as she has been appointed as Australia's Consul-General in New York. The Board thanks Ms Ridout for her outstanding commitment, contributions, and leadership as she served as Chair of the People and Culture Committee and a member of the Nomination/Governance Committee, Risk Committee, and Safety Health, Environment, Community and Sustainability (SHECS) Committee.

Robert Thompson was appointed during the year as Sims Metal Chief Commercial Officer; a pivotal role for growing the Metal business and improving its trading margins. He brings a wealth of experience in the metal industry, including the production and sale of steel and recycled metal, gained in a global organisation.

Following the reporting period, we communicated a major milestone for the company with Mr Alistair Field announcing his retirement and Stephen Mikkelsen being appointed to succeed him as Group Chief Executive Officer and Managing Director effective 1 October 2023. After joining Sims in 2015 and serving as the CEO since 2017, Alistair formed and led the executive team in defining the company's long-term purpose and values, and developing the growth strategy that remains the focus going forward. After a rigorous recruitment and selection process, the Board was delighted to appoint Mr Mikkelsen as an internal candidate who served as Sims' Group CFO since 2018. Mr Mikkelsen's depth of understanding of Sims' business, industry, and markets, accompanied by his successful operations experience in managing and creating shareholder value in large complex businesses made him an excellent choice to lead Sims on its drive for continued profitable growth.

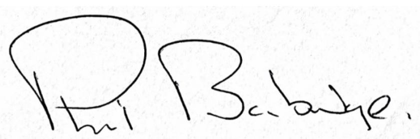
Mr Steve Skurnac, who has served as the company's Group Chief Development Officer, will assume the role of Interim CFO effective 1 October 2023. An international search for a permanent CFO is underway and once appointed, Mr Skurnac will retire from Sims.

Looking ahead to FY24

Sims relies on a high-performing management team to execute our growth strategy and deliver sustainable long-term value for shareholders, in a manner that is consistent with our purpose, values and culture. We believe the revised remuneration structure which includes the amendments from the recent review provides the right balance and meets the multiple objectives of our remuneration framework. As a result, there are no plans for material changes in FY24.

Thank you for your ongoing support and welcome your feedback at the AGM.

Yours sincerely,



Phil Bainbridge

People & Culture Committee Chairperson

RemCoChair@simsmm.com

REMUNERATION REPORT (continued)

The Committee presents the Remuneration Report (Report) for the Company and the Group for the performance period from 1 July 2022 to 30 June 2023 (FY23). This Report forms part of the Directors' Report and has been audited by our independent auditor, Deloitte Touche Tohmatsu, in accordance with section 308 (3C) of the Corporations Act 2001. The Report sets out remuneration information for the Company's Key Management Personnel (KMP).

Listed below are KMPs for FY23 including Executives and Non-Executive Directors (NEDs). "Executives" in this report refers to executive KMP.

Directors and Executives who were KMP during FY23

NAME	POSITION	COUNTRY	APPOINTED/DEPARTED (WHERE APPLICABLE)
Executives			
Alistair Field	Group Chief Executive Officer and Managing Director (Group CEO)	Australia	–
Stephen Mikkelsen	Group Chief Financial Officer (Group CFO)	Australia	–
John Glyde	Chief Operating Officer, Global Metal (COO, Metal)	Australia	–
Robert Thompson	Chief Commercial Officer, Global Metal (CCO, Metal)	USA	Appointed 11 July 2022
Stephen Skurnac	Group Chief Development Officer (Group CDO)	USA	–
NEDs			
Geoffrey N Brunsdon	Chairperson and Independent NED	Australia	–
Thomas Gorman	Independent NED	USA	–
Hiroyuki Kato	Non-Independent NED	Japan	–
Georgia Nelson	Independent NED	USA	–
Deborah O'Toole	Independent NED	Australia	–
Philip Bainbridge	Independent NED	Australia	Appointed 1 September 2022
Heather Ridout	Independent NED	Australia	Retired 31 March 2023
Victoria Binns	Independent NED	Australia	–

Changes to KMP since the end of the reporting period

Alistair Field retiring as Group CEO and Managing Director effective 1 October 2023

Stephen Mikkelsen to be appointed as Group CEO & Managing Director effective 1 October 2023

Steve Skurnac to be appointed as Interim Group CFO effective 1 October 2023

REMUNERATION REPORT (continued)

SECTION 1: FY23 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

1.1 EXECUTIVE REMUNERATION FRAMKEWORK SNAPSHOT AND GUIDING PRINCIPLES

At Sims, our remuneration philosophy is designed to underpin the Company's Purpose, Vision and Strategy and ensure the performance culture of the business is strongly aligned to our overarching objective of delivering sustainable value to our shareholders. Aligning to this philosophy are guiding principles used to evaluate our remuneration design, structure and framework decisions.

Sims' Executive remuneration framework provides the foundation for how remuneration is determined and paid. The framework is aligned with the business' performance objectives, the remuneration guiding principles, and is informed by market practice. The mix of total target remuneration for Executives consists of fixed remuneration for the performance of job duties, short-term incentives for delivery of one-year financial goals and execution of important strategic and operational objectives, and long-term incentives for achievement of multi-year financial goals and execution of strategic initiatives that position the company for future success.

Our Remuneration Principles

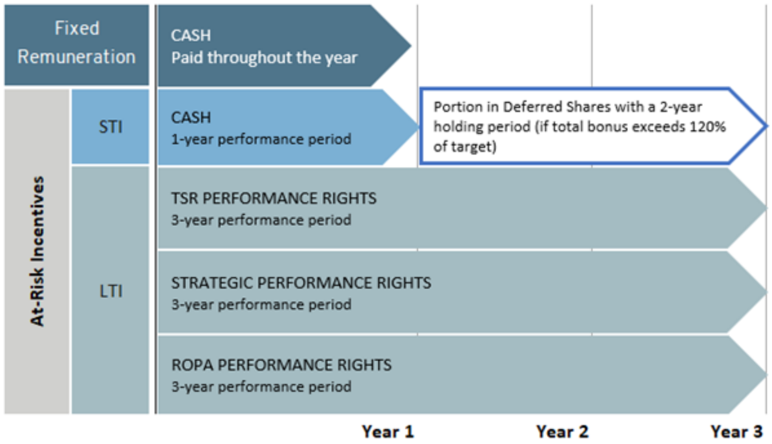
Align Executive & Shareholder Interest	**Drive Short-Term & Long-Term Achievements**	**Attract, Motivate & Retain Talent**	**Alignment with Sims' Purpose & Market Dynamics**	**Align Risk & Strategy Execution**
Through an emphasis on achieving long-term results through at-risk incentives and share ownership through deferred equity and holding requirements.	Balanced objectives linked to Group, business unit and individual performance.	Competitive remuneration reflective of the market, scope of role, geographic location and performance.	By designing fit-for-purpose programs accounting for our global operations, cyclical industry and market dynamics, in a manner that aligns to the Company's purpose.	Through an appropriate balanced mix of incentives and metrics aligned to both short-term execution and long-term strategy.

REMUNERATION REPORT (continued)

Executive Remuneration Framework			
		AT-RISK INCENTIVE	
	FIXED REMUNERATION	SHORT-TERM INCENTIVE	LONG-TERM INCENTIVE
Purpose	Attract and retain top global talent	Rewards for meeting or exceeding challenging annual financial, strategic and individual performance goals	Drives a focus on creating sustainable long-term shareholder value and reinforcing an ownership mindset
Instrument	Base salary, statutory superannuation/pension contributions where applicable and other non-monetary benefits	Cash and Deferred Ordinary Shares	• TSR Performance Rights (22%) • Strategic Performance Rights (45%) • Return on Productive Assets Rights (ROPA) (33%)
Measurement / Considerations	Reviewed periodically considering various factors including (but not limited to) role size and complexity, skills and experience, talent scarcity and relevant external remuneration benchmarks	**Financial performance (80%)** Underlying EBIT **Non-financial performance (20%)** Individual performance goals under several key focus areas: • Safety, Health & Environment • Sustainability (Carbon Emissions Reduction) • Culture, Leadership, Diversity and People • Communication, Stakeholder Engagement	**TSR Performance Rights** Relative TSR against companies in the ASX 200 materials and energy sectors, over a three-year performance period. **Strategic Performance Rights** Achievement of strategic goals over a three-year performance period, subject to a Return on Capital (ROC) modifier. **ROPA Rights** Achievement of the Company's performance relative to a Return on Productive Assets metric over a three-year performance period.
Quantum		**Group CEO, Group CFO, Group CDO** 100% of base salary at-target (184% of base maximum) **CCO, Metal and COO, Metal** 75% of base salary at-target (138% of base maximum)	**Group CEO** LTI grant value of 200% of base salary **Group CFO, Group CDO, CCO, Metal and COO, Metal** LTI grant value of 100% of base salary

REMUNERATION REPORT (continued)

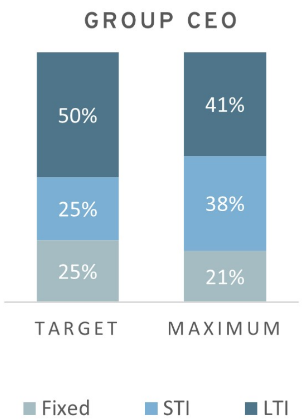
Delivery of FY23 remuneration components

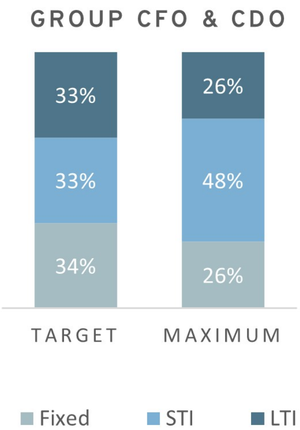


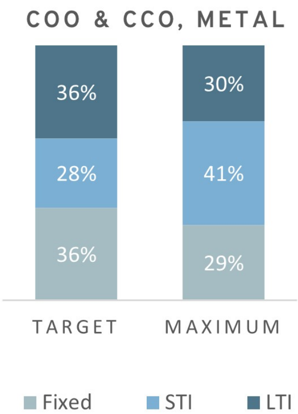
1.2 EXECUTIVE REMUNERATION MIX

The charts below show the mix of the aggregate remuneration components at target for each of our Executives for FY23. References to actual remuneration outcomes received by the Sims' Executives for FY23 are provided in Section 3.

FY23 Remuneration structure and mix at target and at maximum achievement for Sims' Executives[1]





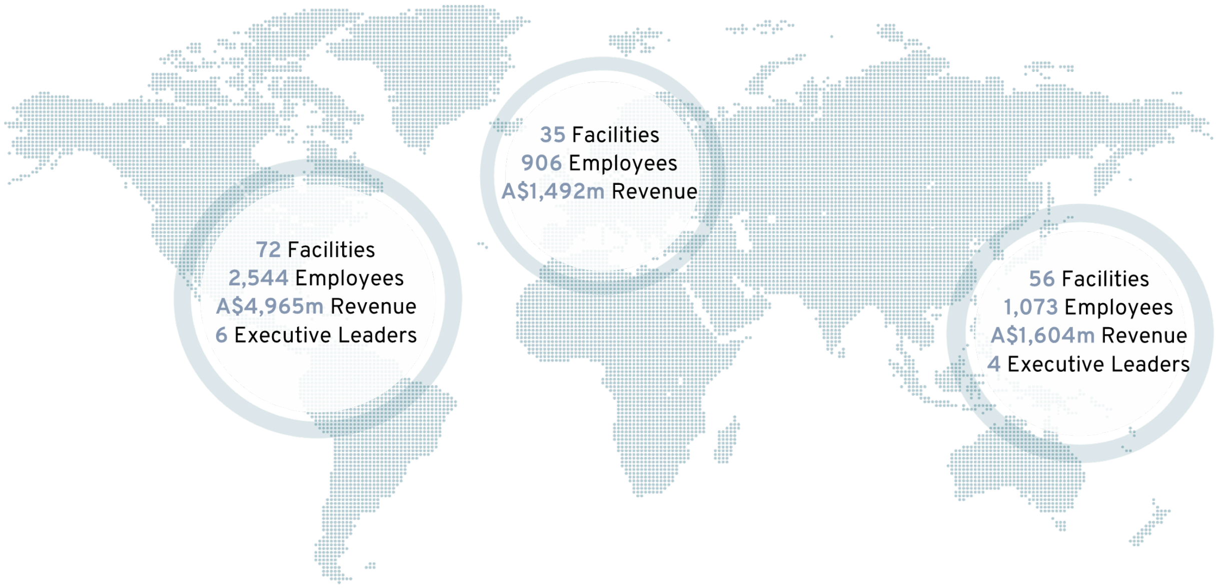


1 Fixed Remuneration excludes accrued benefits.

REMUNERATION REPORT (continued)

1.3 EXECUTIVE REMUNERATION BENCHMARKING

The Committee believes it is important to understand the relevant market for executive talent in order to ensure Sims' remuneration strategy and programs support the guiding principle to attract, retain and develop a pipeline of highly qualified leaders. Sims has adopted a market positioning strategy where the remuneration program design and total remuneration for Executives are benchmarked against a group of peer companies that are listed on the Australian Securities Exchange (ASX), New York Stock Exchange and the NASDAQ Stock Market. The Company competes against the peer companies for executive talent across its different business operations and jurisdictions, globally.



Fixed remuneration acts as a base level of pay for ongoing performance of job responsibilities. A competitive level of fixed remuneration is critical to attract and retain executives.
Total fixed remuneration includes base salary and benefits, such as superannuation or other retirement programs, health insurance, life and disability insurance, and automobile allowances where applicable. At-risk remuneration elements are based on annual bonus and performance-based equity incentives.

Fixed and at-risk remuneration at Sims references an appropriate range around the market median (50th percentile) as one input to the Company's remuneration decisions. In addition, other inputs include:

- The geographic reach of the role;
- The complexity of the role;
- Skills and experience required for the role;
- Market pay levels and competitiveness against the benchmark peer group;
- The criticality of the role to successful execution of the business strategy; and
- Market dynamics and cyclicality affecting the industry in which the Company operates.

REMUNERATION REPORT (continued)

Executive Benchmarking Peer Group

The People & Culture Committee, with assistance from its independent remuneration consultants, monitors composition of the peer group to ensure it continues to serve as an appropriate reference for establishing total remuneration for Sims' Executives. The Committee considers companies with similarities to Sims on one or more of the following characteristics:

- within our industry or comparable lines of business
- complexity of global operations
- similar revenue size
- country listing
- similar industry dynamics
- similar number of employees
- similar market capitalisation.

This peer group is used exclusively for benchmarking of executive remuneration and is not linked to any incentive program.

By considering benchmarking peers across a number of parameters, this ensures that Sims is able to attract and retain key talent that reflects the geographical and operational complexity of our business. The Committee believes that overemphasising peer companies by market capitalisation can lead to significant volatility in remuneration quantum due to temporary peaks or troughs in Sims' and peers' market value. It should be noted that the U.S. listed peers companies not only represent our key source of competition for executive talent, but also companies that Sims competes with for business acquisitions.

The Committee determined that the 17 companies listed below closely reflect comparable attributes to Sims.

AUSTRALIAN LISTED COMPANIES		
Ansell Limited	BlueScope Steel Limited	Boral Limited
Graincorp Limited	Incitec Pivot Limited	Nufarm Limited
Orica Limited	Orora Limited	Worley Limited

U.S. LISTED COMPANIES		
Worthington Industries, Inc.	ATI Inc.	Cleveland-Cliffs, Inc.
Commercial Metals Company	Reliance Steel & Aluminum Co.	Radius Recycling (formerly Schnitzer Steel Industries Inc.)
Steel Dynamics Inc.	The Timken Company	

REMUNERATION REPORT (continued)

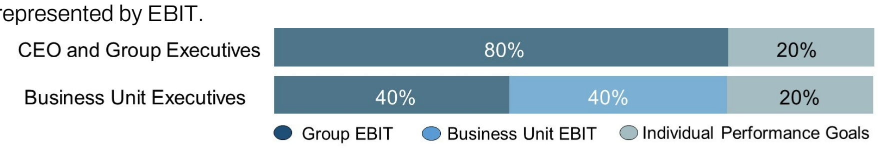
1.4 SHORT-TERM INCENTIVE PLAN OVERVIEW FOR FY23

Who participates in the STI Plan?	The Group CEO and other KMP Executives		
What is the objective of the STI Plan?	To recognise KMP Executives for the achievement of financial, strategic and individual performance goals over one year.		
How is it paid?	Cash and Deferred Shares - if the total bonus award exceeds 120% of target, one-half of the excess over 100% will be deferred post-tax into Sims ordinary shares with a 2-year holding period.		
When is it paid?	STI is delivered in September following finalisation of the Company's audited financial results.		
What is the performance period?	STI awards are assessed over a 12-month performance period aligned with the Company's financial year (1 July 2022 to 30 June 2023).		
How much can the Executive earn?	**Positions**	**Target Opportunity**	**Maximum Opportunity**
	Group CEO, Group CFO, Group CDO	100% of Base Salary	184% of Base Salary
	CCO, Metal and COO, Metal	75% of Base Salary	138% of Base Salary
	The maximum opportunity represents 200% achievement on the financial component and 120% achievement on the non-financial component (see below).		
How is performance assessed and what are the performance measures?	**Financial Performance Measure** The financial measure under the STI is underlying EBIT, representing 80% of the total target STI opportunity. Underlying EBIT is established as part of the Company's budget process which includes consideration of the current economic environment. The Board assesses the underlying EBIT achievement and Executives can earn a maximum of 200% achievement of the financial component of the STI, being approximately 87% of the total maximum STI opportunity. Sims' Board may reassess the effectiveness of the performance measures under the STI annually and may determine to make adjustments to ensure continued alignment to strategy and delivery of appropriate returns to shareholders. The Board believes the utilisation of underlying EBIT as a reporting metric provided a consistent and comparable year-over-year measure. This improves transparency, line of sight, communication and simplicity. EBIT associated with the disposal of businesses, impact of impairments, restructuring charges, timing of non-qualified hedges and other non-recurring items that are subject to significant variability from one period to the next are excluded from the calculation. Refer to the Reconciliation of Statutory Results to Underlying Results within the Operating and Financial Review section of the Directors' Report for a reconciliation of underlying EBIT to statutory EBIT. Details of the KMPs' FY23 remuneration outcomes and accomplishments are provided under Section 3. **Non-Financial Performance Measure** An Executive's individual performance is also a component of the STI awards, representing 20% of the total target STI opportunity. Individual Performance Goals (IPGs) are set in a number of key areas which focus on safety and business initiatives critical to the overall success of the Company and execution of its strategic initiatives and operating objectives. The Board assesses the IPG achievement and Executives can earn a maximum of 120% achievement for the IPG component of the STI, being approximately 13% of the total maximum STI opportunity. The People & Culture Committee established specific criteria for FY23 individual performance goals pertaining to the Group CEO and other Executives of Sims. IPGs for Executives included objectives in the areas of safety; culture, leadership, diversity and people; sustainability; and community engagement. Additional details regarding achievement against goals are provided for each Executive in Section 2.6. No minimum financial achievement is required for Executives to earn a payout for the achievement of the non-financial component of the STI. The Board retains discretion regarding the funding of the non-financial component payouts. The Group CEO's performance is assessed by the Committee and any earned incentive payment recommendation must be approved by the Board of Directors. The performance of other Executives is reviewed annually by the Group CEO, and recommended payments are considered and, if appropriate, approved by the Committee.		

REMUNERATION REPORT (continued)

What are the performance weightings for each Executive?

The table below outlines financial and non-financial weightings for each Executive, of which 80% is represented by EBIT.



The Board believes these weightings align to the principle of balancing objectives for which Executives are directly accountable and responsible, while retaining a link to Group performance.

What is the range of achievement and payout levels for the financial component?

The STI is determined by reference to a range of threshold, target and maximum levels of performance hurdles. For FY23, the People and Culture Committee established goals for the fiscal year with the range of financial achievement and potential STI payout opportunities as outlined below. Results between the values are determined on a linear basis.

Group and Business Unit EBIT Achievement	STI Funding Percentage
Below Threshold	0%
At Threshold	50%
At Target (100% of Budget)	100%
At or Above Maximum	200%

What happens to STI awards when an Executive ceases employment?

STI performance for the relevant period will be assessed and paid on a pro rata basis for a qualifying employment cessation event (i.e. generally termination due to death, permanent disability, redundancy, or in other circumstances determined at the discretion of the Board). See Section 4.2 for further information on the treatment of an Executive's STI upon termination. A voluntary termination prior to the date of any earned payout will result in no STI award being paid for the year, unless the Committee determines otherwise. STI awards are not payable in the case of termination for cause.

Is there a malus/ clawback provision?

Yes. Sims' Board may exercise clawback provisions related to STI payments in the event of fraud or serious misconduct by Executives, or any other eligible plan participant.

Why does the Board consider Board discretion to be appropriate?

At all times, the Board may exercise discretion on STI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect the true performance and overall contributions of the executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted.

Discretion will only be applied in a manner that aligns the experience of both the Company and shareholders. Any discretion applied is disclosed and explained in the Remuneration Report as below:

- FY20: STI awards forfeited in recognition of the COVID-19 impact on business levels and employees, despite the successful achievement of IPGs
- FY19: STI awards were reduced in recognition of unsatisfactory Company safety performance.

REMUNERATION REPORT (continued)

1.5 LONG-TERM INCENTIVE PLAN OVERVIEW FOR FY23

Who participates in the LTI Plan?

The Group CEO and other KMP Executives

What is the objective of the LTI Plan?

- To align executive and shareholder interests through share ownership, focusing on Group results through awards of long-term, at-risk, deferred equity while also motivating and retaining its key Executives.
- To reward executives for accomplishment of strategic objectives that position the Company for future success and improve operational capabilities as well as for achievement of multi-year financial objectives.
- The Company's FY23 LTI design encourages strong alignment of Executives' interest with those of the Company's shareholders, as the ultimate reward is dependent upon the Company's financial and share price performance.

How is the award delivered and what is the performance period?

Executives are offered grants in the form of Performance Rights under the LTI plan.

Performance Rights

A performance right is a contractual right to acquire an ordinary share for nil consideration if specified performance conditions are met. Performance rights include TSR Rights, Strategic Rights and ROPA Rights. Details regarding the performance rights are below:

- TSR Rights: reward achievement of higher shareholder returns relative to peer companies in the ASX 200 materials and energy sectors, over the three-year performance period of 1 July 2022 through 30 June 2025. Rights vest after three years, with the quantum subject to attainment of the performance conditions.
- Strategic Rights: incentivise achievement of the Company's strategic goals over the three-year performance period of 1 July 2022 through 30 June 2025. Rights vest after three years, with the quantum subject to attainment of the performance conditions.
- ROPA Rights: incentivise achievement of the Company's Return on Productive Assets over the three-year performance period of 1 July 2022 through 30 June 2025. ROPA is defined as the Average Non-Current Assets divided by underlying EBIT. Rights vest after three years, with the quantum subject to attainment of the performance conditions.

How often are awards made?

LTI awards are granted on an annual basis to eligible participants.

The Board has absolute discretion to determine the frequency and timing of grants under the LTI Plan.

What is the mix of awards?

All Executives were granted LTI for FY23 in values proportionate as follows:

POSITIONS	TSR RIGHTS	STRATEGIC RIGHTS	ROPA RIGHTS
Group CEO & other KMP Executives	22%	45%	33%

What is the quantum of the award and what allocation methodology is used?

Performance Rights

For all Performance Rights, the number of rights granted is calculated by dividing 200% of the CEO's base salary or 100% of other Executive's base salary by the face value of the underlying shares on the date of grant.

Further details and the Company's rationale for the grants offered under the LTI plan are highlighted throughout the remainder of this section.

REMUNERATION REPORT (continued)

How are the TSR Rights measured?

TSR measures the growth over a particular period in the Company's share price plus the value of reinvested dividends.

The TSR performance hurdle was chosen as it directly aligns with shareholder's interest as executives are rewarded only when the Company's TSR equals or exceeds the median of the comparator companies.

Comparator group

The comparator group used to measure TSR performance is the constituent companies as of 1 July 2022 in the ASX 200 materials and energy sectors. This comparator group is made up of companies in related sectors and of similar size to Sims, that are subject to many of the same economic trends as Sims.

Vesting schedule

TSR-based grants vest according to relative positioning of the Company's TSR at the end of a three-year performance period.

Sims' TSR relative to TSR of Comparator group	Proportion of TSR Rights Vesting
Below 50th Percentile	0%
At 50th Percentile	50%
Between 50th and 75th Percentile	Straight line between 50% and 100%
At or Above 75th Percentile	100%

How are the Strategic Rights measured?

Strategic Rights are measured over a three-year performance period.

Strategic Rights vest based on achievement of defined goals over the Performance Period.

Sims' Board has full discretion to make adjustments on either the calculation or testing results of the Strategic Rights performance measures.

Details of the performance goals and conditions are shown in section 2.6 of the Remuneration Report.

How are the ROPA Rights measured?

ROPA Rights are measured over a three-year performance period.

ROPA Rights vest based on the Company's Return on Productive Assets over the Performance Period.

FY23-25 Average ROPA	Proportion of Earned ROPA Rights Vesting
Below 12%	0%
At 12%	50%
Between 12% and 20%	Straight line between 50% and 100%
At or Above 20%	100%

Details of the performance goals and conditions are shown in section 2.6 of the remuneration report.

What happens to LTI awards when an Executive ceases employment?	When a participant voluntarily resigns or is terminated for cause, all unvested awards are forfeited, as all rights are subject to a continuous service provision. Where termination of employment is the result of a qualifying cessation (i.e., generally death, permanent disablement, redundancy, retirement, or in other circumstances at the discretion of the Board), a participant will be entitled to his or her unvested awards subject to any performance conditions, in accordance with the original vesting schedule. Any unvested awards that did not meet the required performance conditions will lapse at the end of the relevant performance period.
How are dividends treated during the vesting period?	Holders of rights and options are not entitled to dividends over the term of the relevant vesting period (and in the case of options, until exercised). Deferred shares do earn dividends during the holding period, as these shares are fully vested.
Is there a malus/ clawback provision?	Yes. Sims' Board may exercise clawback provisions related to LTI payments and future vesting in the event of fraud or serious misconduct by Executives, or any other eligible plan participant.
What happens in the event of a change of control?	The Board has the discretion to immediately vest the rights and options prior to their vesting date if there is a change of control event or in the event that a takeover bid of the Company is recommended by the Board, or a scheme of arrangement concerning the Company, which would have a similar effect to a full takeover bid, is approved by the Company's shareholders.
Why does the Board consider Board discretion to be appropriate?	At all times, the Board may exercise discretion on LTI awards. The Board acknowledges that selected performance measures and formulaic calculations may not provide the right remuneration outcome in every situation, leading to occasions where the incentive does not reflect the true performance and overall contributions of the executive. It is at this point that discretion becomes necessary, such that the Board can adjust outcomes up or down as warranted. Any discretion applied is disclosed and explained in the Remuneration Report.

1.6 MINIMUM SHAREHOLDING GUIDELINES

All KMP Executives are subject to Minimum Shareholding Guidelines. Unless otherwise approved by the Board, Executives will be prohibited from selling any shares (other than as necessary to satisfy tax withholding obligations upon vesting of Rights), while under the Minimum Shareholding Guideline. Minimum Shareholding Guidelines consider all vested shares, including those subject to a holding period.

KMP Executive	Minimum Shareholding Guideline
CEO	2x Fixed Remuneration
Other Executives	1x Fixed Remuneration

REMUNERATION REPORT (continued)

SECTION 2: FY23 COMPANY PERFORMANCE/EXECUTIVE REMUNERATION OUTCOMES

2.1 SIMS' FINANCIAL PERFORMANCE RESULTS

Year-on-Year Performance

In FY23 the business delivered a resilient result in the face of lower prices, subdued scrap availability, and inflationary pressures.

Statutory EBIT was $293.0 million, above the Underlying EBIT of $252.2 million.

FY23 sales revenue of $8,061.1 million was down 13.0% compared to FY22 sales revenue of $9,264.4 million, driven by declines in average sales prices of 10.4% and proprietary sales volumes of 1.7%.

Metal trading margin for FY23 fell by 15.2% compared to FY22 driven by challenging trading conditions across all markets.

FY23 operating cash flow was strong at $449.2 million compared to $547.8 million in FY22.

In FY23, we returned capital to shareholders and reinvested in the business for long-term sustained growth.

We paid a total dividend of $123.6 million in FY23.

Capital expenditures for property, plant and equipment and intangible assets, excluding acquisitions, were $232.5 million during FY23 compared to $276.2 million in FY22.

In a dynamic business landscape, we continued to drive our acquisition strategy. Demonstrating strong discipline, we effectively enhanced our presence in the US robust market.

We invested in our adjacent business Sims Resource Renewal and completed the construction of the Rocklea pilot facility.

In SLS, we invested in automation to drive efficiencies, differentiate our service and scale.

We conducted a comprehensive portfolio review focusing on selling underperforming, undervalued or underutilised assets and recycling the proceeds to grow our core Metal business. We made good progress selling Sims Municipal Recycling, LMS Energy, and Sims Energy.

Amidst the challenges experienced in FY23, we stood firm in our commitment to employee health and safety performance. The total recordable injury frequency rate (TRIFR) continued its downward trajectory, reaching 1.1 by the end of FY23, closely aligning with the target to reduce TRIFR to below or equal 1.0 by 2025.

REMUNERATION REPORT (continued)

The following table provides a summary of the results over the past five years:

	FINANCIAL YEAR				
	2023	2022	2021	2020	2019
Statutory profit/(loss) before interest and tax (A$m)[1]	**293.0**	773.6	314.0	(239.1)	225.0
Statutory diluted earnings/(loss) per share (A¢)	**91.7**	295.6	112.8	(131.2)	74.2
Statutory return/(loss) on shareholders' equity	**6.8%**	23.6%	10.8%	(13.4%)	6.6%
Net cash (A$m)	**(135.5)**	(102.7)	8.3	110.4	347.5
Return on productive assets[2]	**11.4%**	39.0%	23.0%	(3.4%)	13.4%
Underlying profit/(loss) before interest and tax (A$m)[3]	**252.2**	756.1	386.6	(57.9)	230.3
Total dividends paid (A$m)[4]	**123.6**	140.2	24.2	50.6	107.9
Share Buyback (A$m)	**14.6**	123.9	–	16.5	19.3
Share price at 30 June (A$)[5]	**15.75**	13.71	16.60	7.93	10.86
CEO STI outcome (% of maximum)[6]	**12%**	100%	78%	–%	28%
CEO Performance Rights vesting %[6]	**91%**	82%	–%	36%	95%
CEO SSI Rights vesting %[6]	**N/A**	80%	90%	70%	N/A

1 FY20 includes goodwill and other intangible impairment charges of A$72.0 million. There were no intangible impairment charges in FY23, FY22, FY21, and FY19.

2 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.

3 Underlying EBIT 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, disposals as well as items that are subject to significant variability from one period to the next. Refer to the *Reconciliation of Statutory Results to Underlying Results* within the *Operating and Financial Review* section of the Directors' Report for further detail.

4 FY23 final dividend of 21.0 cents per share was declared after 30 June 2023 and will be paid in FY24.

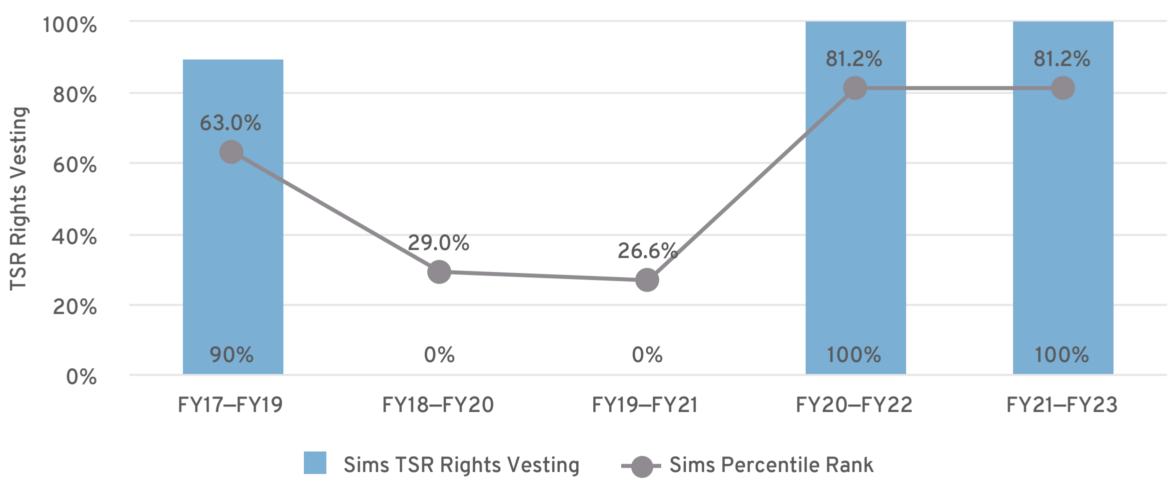
5 1 July 2018 share price was $16.08.

6 CEO STI, Performance Rights and SSI Rights are shown in the year in which their respective performance periods end.

2.2 TOTAL RETURN TO SHAREHOLDERS

Sims Total Shareholder Return – Sims TSR Rights Vesting

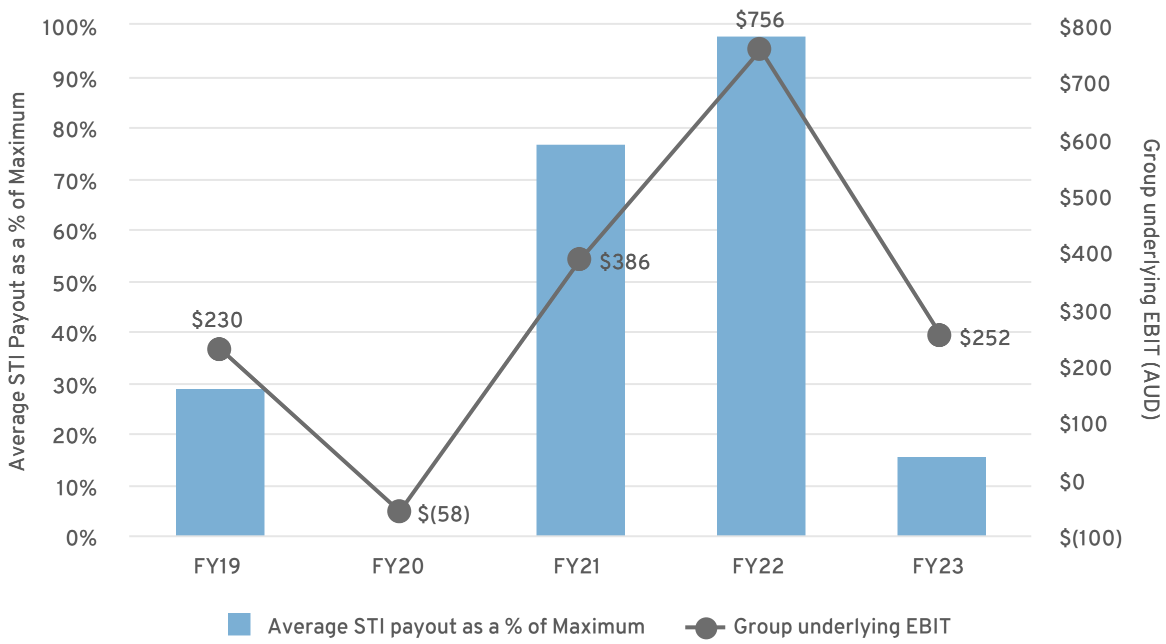
The chart below compares Sims relative TSR percentile rank to the vesting of Sims TSR Rights over the previous five performance periods:



2.3 HISTORICAL AVERAGE STI PAYOUT AS % OF MAXIMUM

Average Executive STI Payout (as a % of maximum) compared to Sims' EBIT performance

Sims' Group underlying EBIT over the past five years is shown in the chart below. The chart confirms that historical average STI outcomes for Executives are aligned with the Company's financial results. Prior to FY20, Return on Controlled Capital Employed was the financial metric under the STI program.



REMUNERATION REPORT (continued)

2.4 EXECUTIVE STATUTORY REMUNERATION TABLE

Executive Statutory Remuneration

The following Executive Statutory Remuneration table has been prepared in accordance with the accounting standards and has been audited by the Company's external auditors:

			SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENTS[5]		
(A$) NAME	LOCATION	FINANCIAL YEAR	CASH SALARY[1]	CASH BONUS[2]	OTHER BENEFITS[3]	PENSION AND SUPER-ANNUATION	OTHER LONG TERM BENEFITS[4]	LTI	TOTAL	% of performance related pay
A Field[6]	Australia	**2023**	**1,714,420**	**394,317**	**141,928**	**27,492**	**28,486**	**2,450,721**	**4,757,364**	**60 %**
		2022	1,716,497	3,158,352	97,329	25,415	32,063	3,531,252	8,560,908	78 %
S Mikkelsen[6]	Australia	**2023**	**1,162,004**	**244,021**	**89,564**	**25,292**	**19,307**	**829,700**	**2,369,888**	**45 %**
		2022	1,162,004	2,091,607	59,143	25,000	21,463	1,197,103	4,556,320	72 %
J Glyde[6]	Australia	**2023**	**793,391**	**147,901**	**70,600**	**170,138**	**13,182**	**739,573**	**1,934,785**	**46 %**
		2022	750,767	1,170,601	210,733	112,615	36,049	920,875	3,201,640	65 %
R Thompson[6]	USA	**2023**	**943,875**	**1,248,768**	**52,823**	**60,887**	**–**	**535,808**	**2,842,161**	**19 %**
		2023[7]	**875,712**	**1,158,587**	**49,008**	**56,490**	**–**	**497,114**	**2,636,911**	**19 %**
		2022	–	–	–	–	–	–	–	— %
S Skurnac[6]	USA	**2023**	**1,002,674**	**210,561**	**62,858**	**83,334**	**24,733**	**679,784**	**2,063,944**	**43 %**
		2023[7]	**930,265**	**195,355**	**58,319**	**77,316**	**22,947**	**630,693**	**1,914,895**	**43 %**
		2022	930,265	1,674,476	92,686	78,152	23,877	985,204	3,784,660	70 %
Total		**2023**	**5,616,364**	**2,245,568**	**417,773**	**367,143**	**85,708**	**5,235,586**	**13,968,142**	
		2023[7]	**5,475,792**	**2,140,181**	**409,419**	**356,728**	**83,922**	**5,147,801**	**13,613,843**	
		2022	4,559,533	8,095,036	459,891	241,182	113,452	6,634,434	20,103,528	

1 Cash salary includes amounts sacrificed in lieu of other benefits at the discretion of the individual.

2 Cash bonus amounts reflect the amounts provided for all Executives under the FY21 and FY22 STI plan. For Mr Thompson, the FY22 cash bonus includes a US$500,000 sign on bonus, and a first year minimum STI bonus of $350,000.

3 Other short-term benefits include employer contributions to health and life insurance plans, relocation expense and associated tax gross-ups, and amounts accrued for annual leave during the period.

4 Other long-term benefits include Australian accrued long-term leave (for Messrs Field, Mikkelsen and Glyde) and amount for deferred compensation plans (for Mr Skurnac).

5 Share-based payments represent the accounting expense (as computed pursuant to AASB 2 *Share-based Payments*) recognised by the Company for share-based awards.

6 Messrs Field, Mikkelsen and Glyde received their cash payments in Australian dollars. Messrs Thompson and Skurnac were paid in U.S. dollars.

7 FY23 remuneration for Messrs Thompson and Skurnac has been translated on a constant currency basis for a relative performance comparison to FY22 before the translation impact of currency fluctuations. The current period amounts paid in U.S. dollars are translated into Australian dollars using the prior year U.S. dollar exchange rate.

REMUNERATION REPORT (continued)

2.5 SUPPLEMENTAL REMUNERATION TABLE

Total Realised Remuneration received by Executives in FY23[1]

As part of the Company's commitment to clear and transparent communication with its shareholders, the Committee has included the table below showing the remuneration that was actually paid to Executives in FY23. The figures in this table include the market value of LTI grants that vested during FY23, while the Section 2.4 table includes the accounting value for LTI grants recognised during FY23, regardless of the date on which they vest, or whether they vest at all.

		CASH SALARY	OTHER BENEFITS	STI	LTI	TOTAL REMUNERATION	ACTUAL TOTAL
(A$) [2] EXECUTIVES	FINANCIAL YEAR	ACTUAL $	ACTUAL $[3]	ACTUAL $[4]	ACTUAL VESTED $[5]	ACTUAL $	REMUNERATION AS % OF TARGET TOTAL REMUNERATION
A Field	**2023**	**1,714,420**	**37,278**	**394,317**	**3,838,210**	**5,984,225**	**87 %**
	2022	1,716,497	34,921	3,158,352	1,296,872	6,206,642	90 %
S Mikkelsen	**2023**	**1,162,004**	**25,292**	**244,021**	**1,305,474**	**2,736,791**	**78 %**
	2022	1,162,004	25,000	2,091,607	439,087	3,717,698	106 %
J Glyde	**2023**	**793,391**	**179,586**	**147,901**	**1,190,899**	**2,311,777**	**90 %**
	2022	750,767	289,402	1,170,601	292,816	2,503,586	99 %
R Thompson	**2023**	**943,875**	**44,992**	**1,248,768**	**–**	**2,237,635**	**84 %**
	2023[6]	**875,712**	**41,743**	**1,158,587**	**–**	**2,076,042**	**84 %**
	2022	–	–	–	–	–	– %
S Skurnac	**2023**	**1,002,674**	**78,746**	**210,561**	**1,013,558**	**2,305,539**	**75 %**
	2023[6]	**930,265**	**73,059**	**195,355**	**940,363**	**2,139,042**	**75 %**
	2022	930,265	69,595	1,674,476	348,652	3,022,988	106 %

1 The figures in the table are different from those shown in the Executive Statutory Remuneration table in Section 2.4. The table in Section 2.4 is consistent with financial statement recognition and measurement and includes an apportioned accounting value for all unvested STI and LTI grants during or after FY19 (some of which remain subject to satisfaction of performance and service conditions and may not ultimately vest).

2 Messrs Field, Mikkelsen and Glyde received their cash payments in Australian dollars. Messrs Thompson and Skurnac were paid in U.S. dollars.

3 Other Benefits include employer contributions to defined contribution retirement plans, health and life insurance plans and relocation expenses and associated tax gross-ups, if applicable.

4 Actual STI refers to the Executive's total STI provided for in FY23 to be paid in FY24 (and similar for the comparative period).

5 Actual vested LTI refers to equity grants from prior years that vested during FY23. These include share options and share rights that vested on 31 August 2022. The value is calculated using the Company's closing share price on the day of vesting after deducting any exercise price.

6 FY23 remuneration for Messrs Thompson and Skurnac has been translated on a constant currency basis for a relative performance comparison to FY22 before the translation impact of currency fluctuations. The current period amounts paid in U.S. dollars are translated into Australian dollars using the prior year U.S. dollar exchange rate.

REMUNERATION REPORT (continued)

2.6 REMUNERATION OUTCOME FOR SIMS EXECUTIVES

At the beginning of FY23 with respect to fixed remuneration and LTI awards with a Performance Measurement Period ending with FY22 results, and at the end of FY23 with respect to FY23 STI, as part of the annual remuneration review process, the Committee approved the various remuneration payments for Sims' Executives. Remuneration outcomes for each KMP are set out within this section.

FY23 Fixed Remuneration Changes

The Group CEO and CFO did not receive a fixed remuneration increase for FY23, which is the third consecutive year they have not received an increase, since their relocations back to Australia due to the impacts of COVID-19. The Committee believes that their current remuneration quantum remains appropriate, as it reflects the practices of our main sources of competition for their talent.

Other disclosed executives received no increase in fixed remuneration (CCO and CDO) and 6% (COO).

Historical remuneration practice is to review, and where warranted, make Executive base salary adjustments effective annually in September.

FY23 Short Term Incentive Performance Outcomes

An Executive's STI payout is based on two fundamental factors: how well the Company performed and how well the individual Executive performed against pre-established goals. In accordance with the methodology set out in Section 1.4 of the remuneration report, an assessment was undertaken of the performance of the Group CEO and each KMP Executive against their FY23 objectives.

Details on the CEO's performance against financial and non-financial STI objectives, with commentary on achievements, are provided in the scorecard shown below.

CATEGORY	KPIs	RATIONALE FOR SELECTION	TARGET WEIGHTING	PERFORMANCE			WEIGHTED OUTCOMES
				MIN	TARGET	MAX	
Financials[1]	Underlying EBIT	Ensure a focus on growing and managing the profitability of the business as a key driver of sustainable shareholder returns	80%				0%
Non-Financial[2] **(IPGs)**	Safety - achieve 95%+ on all leading indicators and meet TIFR and LTIR lagging indicator targets	Reflects key areas that drive outperformance on safety and business initiatives critical to the overall success of the Company and execution of its strategic and sustainability initiatives and operating objectives.	20%				23%
	Develop DEI strategy, achieve gender diversity goals for women in leadership and close pay equity						
	Sustainability - Carbon emission reduction by 15%						
	Community stakeholder engagement with focus on North America Metal shredder sites						
Scorecard Outcome			100%				23% of target

1 FY23 underlying EBIT of $252.2 was significantly below the minimum threshold of the performance goal

2 Among other achievements, the Board considered the achievement of the lowest total recordable injury rate ever reported.

REMUNERATION REPORT (continued)

The table below outlines the percentage of maximum STI achieved (and forfeited), and the total STI awarded, for each Executive in FY23.

EXECUTIVES	STI MAXIMUM OPPORTUNITY (A$)	STI ACHIEVEMENT (% OF MAXIMUM)	STI FORFEITED (% OF MAXIMUM)	STI ACTUAL AMOUNT (A$)
A Field	3,154,533	12%	88%	394,317
S Mikkelsen	2,138,087	11%	89%	244,021
J Glyde	1,236,988	12%	88%	147,901
R Thompson[1]	1,295,937	40%	60%	519,905
S Skurnac	1,844,920	11%	89%	210,561

1 As part of his employment terms, Mr Thompson had a minimum guaranteed FY23 bonus payment of US$350,000.

FY23 Long Term Incentive Performance Outcomes for Performance Periods ending 30 June 2023

FY21 Strategic Performance Rights

Strategic performance-based rights were tested for achievement at the end of the three-year performance period ending 30 June 2023. These metrics represent key long-term objectives directly aligned to the strategic goals presented to shareholders in April 2019 that are designed to deliver sustainable growth and value over the long-term. While the specific details of those goals and the progress made thereto may be commercially sensitive, a summary of the measures and progress the Board considered in its assessment of achievement is set out below.

INCENTIVE MEASURE	TARGET	ACHIEVEMENT/COMMENTARY	ACHIEVEMENT
Expand metal volumes in favourable geographies	Global ferrous volumes of 8.0 million tonnes	Achieved FY23 Ferrous volume of 8.2 million tonnes, including the annualised impact of the acquisition of Baltimore Scrap. This acquisition was pursued throughout the course of FY23 and recently concluded.	**Full Achievement**
Grow non-ferrous business	Sales of U.S. non-ferrous volumes of 200,000 tonnes	Achieved FY23 non-Ferrous volume of 200,000 tonnes when accounting for full -year impact of acquisition.	**Full Achievement**
Enter resource renewal	Commissioned Campbellfield Resource Renewal Facility Fully operational pilot plant in Rocklea, QLD Gain regulatory approval of the commercial use of Sims Plasma technology in Australia	Campbellfield facility not currently possible due to Victorian Government policy change. Shifted plan to building a commercial facility in QLD. Pilot Plant Operational Well underway but Queensland requires additional testing of operational plant.	**Substantial Achievement**
Grow municipal recycling	Secure additional city municipal recycling contracts	Secured additional municipal contract in Florida and also executed successful sale of the business.	**Full Achievement**
Recycle the cloud	Recycle 100,000 tonnes of cloud material	Converted to a more meaningful metric of Repurposed Units with a 100k tonne equivalent to 4 million units and achieved 3.8.	**Substantial Achievement**
Business Transformation	ERP fully implemented by end of FY23. Functional operating model fully operational across global business	ERP is partially implemented Functional model is fully implemented across global business.	**Partial Achievement**
		Overall Performance	**92% Achievement**

The performance goals under the FY21 Grants did not have specified individual weightings. However, consistent with the primacy of both the ferrous and non-ferrous volume growth targets to the business, these items have been weighted accordingly. The Board introduced individual weightings of goals beginning with FY23 Grants.

REMUNERATION REPORT (continued)

ROC Modifier – FY21 Strategic Rights are subject to a Return on Capital (ROC) modifier, which is multiplied by the achievement percentage for the Incentive Measures above to obtain the final achievement level. The ROC achievement is based on the following table:

FY23 ROC	ROC Achievement Percentage
7% or Below	70%
7% - 10%	Straight-line interpolation
10% or Above	100%

For FY23, the ROC result is 9.2%, resulting in a ROC modifier of 92%. Combined with the 92% Incentive Measures achievement, the final Strategic Performance Rights vesting percentage is 85%.

FY21 TSR Performance Rights

TSR performance-based rights were tested for achievement at the end of the three-year performance period ending 30 June 2023, and vested 100%, having attained above the 80th percentile against the comparator group. The scale of achievement is shown below.

Sims' TSR relative to TSR of Comparator group	Proportion of TSR Rights Vesting
Below 50th Percentile	0%
At 50th Percentile	50%
Between 50th and 75th Percentile	Straight line between 50% and 100%
At or Above 75th Percentile	100%

REMUNERATION REPORT (continued)

SECTION 3: FY24 EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

3.1 CHANGES TO SIMS' REMUNERATION FRAMEWORK FOR FY24

Due to the favourable feedback received from Sims' shareholders and various stakeholder groups on the changes to the FY23 remuneration structure we disclosed in last year's Report, no further changes are being made to either the STI or LTI plan designs in FY24.

REMUNERATION REPORT (continued)

SECTION 4: EXECUTIVE REMUNERATION GOVERNANCE AND DISCLOSURE TABLES

4.1 REMUNERATION GOVERNANCE

The Committee assists the Board in fulfilling its oversight responsibility relative to the integrity of the Company's remuneration framework and works closely with other Board Committees to ensure the Company's policies and procedures on risk management, organisational culture, and Board effectiveness are consistent with the long-term best interests of the Company and its shareholders.

BOARD

The Sims' Board has responsibility for the Company's executive remuneration programs which include:

- Establishing remuneration philosophy and guiding principles
- Oversight of remuneration practices and policies
- Reviewing and approving recommendations from the People & Culture Committee

PEOPLE & CULTURE COMMITTEE

The Committee includes 5 independent NEDs and advises the Board on:

- Remuneration strategy, framework, performance goals, recruitment, retention, termination and NED fees and framework
- Considers recommendations from Sims' management in making remuneration decisions based on the Company's remuneration guiding principles

MANAGEMENT

Sims' management provides information relevant to remuneration decisions and makes recommendations to the Committee on:

- Remuneration structure, policies and market trends
- Remuneration recommendations

REMUNERATION CONSULTANT

- The People & Culture Committee may, at its discretion, select independent consultants to provide advice and information relevant to make informed remuneration decisions.

For the purposes of the Corporations Act no remuneration recommendations in relation to KMP were provided by the Remuneration Consultant or other advisor during FY23.

REMUNERATION REPORT (continued)

4.2 EXECUTIVE CONTRACTS

Termination Entitlements under Executive Contracts

The table below outlines termination provisions for the Group CEO and other KMP, in accordance with formal contracts of a continuing nature with no fixed term of service. For FY23, there were no changes to the terms of the contacts for Executives reported in this year's Remuneration Report. These Termination Entitlements were approved by shareholders at the Company's 2014 Annual General Meeting.

Termination Entitlements if Terminated by the Company or by the Executive for good reason	Group CEO and Other Executives
Notice Period	• 3 months; provided by either the Executive or the Company • For Mr Glyde, 6 months if provided by the Company
Fixed Remuneration	• 12 months of fixed remuneration
STI	• Pro-rata STI payment subject to performance testing and Board discretion based on Executive performance
LTI	• Eligible for continued vesting of LTI awards, subject to performance testing and original vesting dates
Other Entitlements	• Eligible for any accrued but unpaid remuneration (leave and accrued benefits) • Up to 12 months Company paid health insurance premiums
Termination due to Death or Permanent Disability or Other Circumstances at the Board's discretion	• Entitlements as shown above relating to Treatment of Fixed Remuneration, Treatment of STI, Treatment of LTI and Treatment of Other Entitlements

REMUNERATION REPORT (continued)

4.3 SHARE BASED PAYMENTS AND EQUITY HOLDINGS

Options provided as remuneration

The number of options over fully paid ordinary shares in the Company held during the financial year by each Executive is set out below. Values are in Australian dollars. No options were awarded to Executives during FY23.

NAME	BALANCE AT 1-JUL-22	NUMBER GRANTED	NUMBER EXERCISED	NUMBER FORFITED/ EXPIRED	BALANCE AT 30 JUNE 2023	VESTED	UNVESTED	NUMBER OF OPTIONS THAT VESTED DURING FY23
Ordinary shares (A$)								
A Field	746,395	–	(109,537)	–	636,858	636,858	–	–
S Mikkelsen	155,101	–	–	–	155,101	155,101	–	–
J Glyde	82,135	–	–	–	82,135	82,135	–	–
R Thompson	–	–	–	–	–	–	–	–
S Skurnac	264,650	–	(110,648)	–	154,002	154,002	–	–

REMUNERATION REPORT (continued)

Performance Rights and Restricted Share Units provided as remuneration

The following table summarises the terms of outstanding performance rights and RSUs for Executives. A summary of outcomes for performance rights vesting in August 2023 is included in the footnotes below the table:

NAME	GRANT DATE	GRANT TYPE	NUMBER GRANTED	VALUE AT GRANT DATE[3]	VESTING DATE	MAXIMUM TOTAL VALUE OF UNVESTED GRANT[1]
Ordinary Shares (A$)						
A Field	11-Nov-20	TSR[2]	134,181	8.18	31-Aug-23	57,918
	11-Nov-20	Strategic[2]	186,621	10.10	31-Aug-23	99,461
	11-Nov-21	Strategic[2]	103,428	13.68	30-Aug-24	521,406
	11-Nov-21	TSR[2]	88,667	8.18	30-Aug-24	267,280
	9-Nov-22	ROPA[2]	72,440	11.23	30-Aug-24	556,421
	9-Nov-22	Strategic[2]	98,782	11.23	29-Aug-25	758,757
	9-Nov-22	TSR[2]	48,294	5.13	29-Aug-25	169,455
S Mikkelsen	11-Nov-20	TSR[2]	45,407	8.18	31-Aug-23	19,600
	11-Nov-20	Strategic[2]	63,152	10.10	31-Aug-23	33,657
	11-Nov-21	Strategic[2]	35,000	13.68	30-Aug-24	176,444
	11-Nov-21	TSR[2]	30,005	8.18	30-Aug-24	90,448
	9-Nov-22	ROPA[2]	24,549	11.23	30-Aug-24	188,564
	9-Nov-22	Strategic[2]	33,476	11.23	29-Aug-25	257,133
	9-Nov-22	TSR[2]	16,366	5.13	29-Aug-25	57,426
J Glyde	1-Jun-20	RSU	32,500	7.21	30-Jun-24	53,461
	11-Nov-20	TSR[2]	32,082	8.18	31-Aug-23	13,848
	11-Nov-20	Strategic[2]	44,620	10.10	31-Aug-23	23,781
	11-Nov-21	Strategic[2]	25,718	13.68	31-Aug-22	129,651
	11-Nov-21	TSR[2]	22,048	8.18	30-Aug-24	66,462
	9-Nov-22	ROPA[2]	19,121	11.23	30-Aug-24	146,871
	9-Nov-22	Strategic[2]	26,074	11.23	29-Aug-25	200,278
	9-Nov-22	TSR[2]	12,747	5.13	29-Aug-25	44,727
R Thompson	11-Jul-22	RSU	37,175	13.27	11-Jul-23	129,336
	9-Nov-22	ROPA[2]	18,926	11.23	29-Aug-25	147,609
	9-Nov-22	Strategic[2]	25,808	11.23	29-Aug-25	198,234
	9-Nov-22	TSR[2]	12,617	5.13	29-Aug-25	44,271

REMUNERATION REPORT (continued)

NAME	GRANT DATE	GRANT TYPE	NUMBER GRANTED	VALUE AT GRANT DATE[3]	VESTING DATE	MAXIMUM TOTAL VALUE OF UNVESTED GRANT[1]
S Skurnac	11-Nov-20	TSR[2]	39,286	8.18	31-Aug-23	16,958
	11-Nov-20	Strategic[2]	54,639	10.10	31-Aug-23	29,120
	11-Nov-21	Strategic[2]	27,214	13.68	31-Aug-22	137,192
	11-Nov-21	TSR[2]	23,330	8.18	30-Aug-24	70,327
	9-Nov-22	ROPA[2]	19,653	11.23	30-Aug-24	150,957
	9-Nov-22	Strategic[2]	26,800	11.23	29-Aug-25	205,854
	9-Nov-22	TSR[2]	13,102	5.13	29-Aug-25	45,973

1 No performance rights or RSUs will vest if the vesting conditions are not satisfied, hence the minimum value of unvested awards is nil. The maximum value of the unvested performance rights and RSUs has been determined as the amount of the grant date value that is yet to be expensed, which will vary from expense recognised contingent on achievement criteria. Performance rights and RSUs are granted for nil consideration.

2 These grants relate to performance rights issued in FY21, FY22, and FY23 are subject to achievement against a scorecard of three-year goals tied to the Company's strategic plan as well as a ROPA performance modifier. Refer to section 1.5 for more information.

3 Value at grant date represents the fair value of each right granted at the date of grant and is independently determined using either a binomial model or a Monte-Carlo simulation model which takes into account any market related performance conditions.

Movement in Performance Rights and Restricted Shares Units[1] during the fiscal year ended 30 June 2023

The number of performance rights and RSUs to ordinary shares in the Company held during the financial year by each Executive is set out below:

NAME	INSTRUMENT THAT PERFORMANCE RIGHTS AND RSUS ARE OVER	BALANCE AT 1-JUL-22	NUMBER GRANTED	NUMBER VESTED/ EXERCISED	NUMBER FORFEITED	BALANCE AT 30-JUN-23
A Field	Ordinary shares	762,181	219,516	(199,556)	(49,728)	732,413
S Mikkelsen	Ordinary shares	258,458	74,391	(67,959)	(16,935)	247,955
J Glyde	Ordinary shares	231,133	57,942	(65,853)	(8,312)	214,910
R Thompson	Ordinary shares	–	94,526	–	–	94,526
S Skurnac	Ordinary shares	214,497	59,555	(56,059)	(13,969)	204,024

1 Restricted Share Units (RSUs) represent the right of a participant to receive an ordinary share of Sims stock for no consideration other than the passage of time. RSUs are not a part of ongoing Executive remuneration and any RSUs reflected above were either granted prior to FY18 or are from awards granted prior to becoming an Executive.

KMP share holdings as at the end of the financial year ended 30 June 2023

KMP share holdings as at the end of the financial year and activity during the financial year, including personally related parties, is set out below:

NAME	BALANCE AT 1-JUL-22	RECEIVED ON EXERCISE OF OPTION, PERFORMANCE RIGHTS AND RSUS	PURCHASES/(SALES)	BALANCE AT 30-JUN-23
NEDs				
G Brunsdon	39,057	–	–	39,057
T Gorman	4,000	–	500	4,500
G Nelson	6,700	–	–	6,700
H Kato	–	–	–	–
D O'Toole	17,500	–	–	17,500
H Ridout	5,000	–	–	5,000
V Binns	–	–	–	–
P Bainbridge	–	–	7,730	7,730
Executives				
A Field	261,998	331,243	(103,593)	489,648
S Mikkelsen	38,471	75,457	(36,496)	77,432
J Glyde	73,983	71,357	(10,475)	134,865
R Thompson	1,000	–	–	1,000
S Skurnac	178,225	177,588	(106,447)	249,366

REMUNERATION REPORT (continued)

4.4 NON-EXECUTIVE DIRECTOR FEES

NED Fees

The level of NED fees reflects the need to reward directors for their commitment to the corporate governance of the Company, their active participation in the affairs of the business and the contribution they make generally to the maximisation of shareholder value. The Company aims to provide a level of fees for NEDs taking into account, among other things, fees paid for similar roles in comparable companies, the time commitment, risk and responsibility accepted by NEDs, and recognition of their commercial expertise and experience. Given the geographical spread of the NEDs, with three out of seven NEDs located in either the U.S. or Japan, the Company also considers global market competitiveness in setting fee levels.

The maximum aggregate amount available for NED fees (including superannuation) is the greater of A$3 million and US$3 million per annum as approved by shareholders at the Company's 2015 Annual General Meeting. Total aggregate NED fees for FY23 were A$2,296,558/ US$1,538,767 (FY22: A$2,216,388 / US$1,614,302).

During FY19, the Company established a policy of paying all NED fees based on the Australian dollar, regardless of where the director is resident. U.S. resident NEDs who joined the Board prior to FY19 will continue to receive their fees based on the U.S. dollar.

There have been no changes to NED base fees since July 2011. The table below outlines NED base fees for FY23 and FY22:

	2023		2022	
(A$)/(US$)	A A$	B US$	A A$	B US$
Base Fees				
Chairperson	493,330		493,330	
NED	222,750	203,424	222,750	203,424
Committee Fees				
Committee Chairperson[1, 2]	27,375	25,000	27,375	25,000
NED Committee Member	8,760	8,000	8,760	8,000

Column A: All Directors, except for U.S. resident Directors who joined the Board prior to FY19.
Column B: U.S. resident Directors who joined the Board prior to FY19.

1 The NEDs received pro-rated fees based on the time served on each Committee.
2 Chairperson of the Nomination/Governance Committee does not receive any fee for the role.

NEDs also receive reimbursement for essential travel, accommodation and other expenses incurred in travelling to and/or from meetings of the Board, or when otherwise engaged in the business of the Company in accordance with Board policy.

NEDs are not currently covered by any contract of employment; therefore, they have no contract duration, notice period for termination, or entitlement to termination payments. NEDs do not participate in any incentive (cash or equity-based) arrangements.

For Australian resident NEDs, superannuation is deducted from the above fees disclosed in Column A. The Company paid superannuation at 10.5% up to the maximum contribution (A$27,500) for each Australian resident NED in FY23. Superannuation is not paid in respect of overseas NEDs. NEDs do not receive any retirement benefits.

REMUNERATION REPORT (continued)

4.5 NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director Remuneration

For NEDs who receive payments in U.S. dollars, the table below also reflects the Australian dollar equivalent based on the exchange rate at the date of payment. For NEDs who receive payments in Australian dollars, the table below also reflects the U.S. dollar equivalent based on the exchange rate at the date of payment. Accordingly, exchange rate movements have influenced the disclosed fee level.

A$ UNLESS NOTED NON-EXECUTIVE DIRECTORS			SHORT-TERM BENEFITS	POST-EMPLOYMENT BENEFITS		
NAME	LOCATION	FINANCIAL YEAR	CASH FEES	SUPERANNUATION[1]	TOTAL A$	TOTAL US$
G Brunsdon	Australia	**2023**	**494,316**	**25,292**	**519,608**	**348,514**
		2022	496,165	23,443	519,608	377,686
T Gorman[2]	USA	**2023**	**250,125**	**–**	**250,125**	**169,274**
		2022	250,125	–	250,125	181,720
H Kato	Japan	**2023**	**240,270**	**–**	**240,270**	**162,605**
		2022	240,270	–	240,270	174,828
G Nelson[2]	USA	**2023**	**371,113**	**–**	**371,113**	**244,424**
		2022	332,443	–	332,443	244,424
D O'Toole	Australia	**2023**	**242,352**	**25,292**	**267,644**	**179,516**
		2022	244,201	23,443	267,644	194,506
H Ridout[3]	Australia	**2023**	**188,334**	**18,969**	**207,303**	**139,817**
		2022	252,961	23,443	276,404	200,874
P Bainbridge[4]	Australia	**2023**	**191,794**	**8,431**	**200,225**	**133,462**
		2022	–	–	–	–
J Thompson[5]	USA	**2023**	**–**	**–**	**–**	**–**
		2022	154,459	–	154,459	113,712
V Binns	Australia	2023	214,978	25,292	240,270	161,155
		2022	158,227	17,208	175,435	126,552
Total		**2023**	**2,193,282**	**103,276**	**2,296,558**	**1,538,767**
		2022	2,128,851	87,537	2,216,388	1,614,302

1 Superannuation contributions are made on behalf of Australian resident NEDs to satisfy the Company's obligations under Australian Superannuation Guarantee legislation.
2 Mr Gorman is a resident of the USA and receives his payment in Australian dollars. Ms Nelson is a resident of the USA and receive her payment in US dollars.
3 Ms Ridout resigned as an Independent Non-executive director on 31 March 2023.
4 Mr Bainbridge was appointed to the Board on 1 September 2022.
5 Mr Thompson resigned as an Independent Non-executive director on 10 November 2021

REMUNERATION REPORT (continued)

4.6 OTHER TRANSACTIONS WITH KMP

Transactions entered into with any KMP of the Group, including their personally related parties, are on normal commercial terms.

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
New South Wales
15 August 2023

A Field
Managing Director and Group CEO
New South Wales
15 August 2023

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000
Australia

Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

15 August 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 audit of the financial report of Sims Limited for the year ended 30 June 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 audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2023

	NOTE	2023 A$M	2022 A$M
Revenue	3	**8,082.1**	9,275.6
Other income	3	**102.3**	129.6
Raw materials used and changes in inventories		**(5,723.0)**	(6,562.0)
Freight expense		**(724.0)**	(798.5)
Employee benefits expense		**(679.4)**	(667.1)
Depreciation and amortisation expense	5	**(222.7)**	(202.8)
Repairs and maintenance expense		**(112.9)**	(102.0)
Other expenses		**(609.2)**	(608.1)
Finance costs	2	**(35.4)**	(19.8)
Share of results of joint ventures	26	**187.1**	312.7
Profit before income tax		**264.9**	757.6
Income tax expense	13	**(83.8)**	(158.3)
Profit for the year		**181.1**	599.3

		A¢	A¢
Earnings per share			
Basic	7	**93.7**	303.1
Diluted	7	**91.7**	295.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	NOTE	2023 A$M	2022 A$M
Profit for the year		**181.1**	599.3
Other comprehensive 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 exchange translation differences arising during the period, net of tax	22	**86.6**	91.7
Gain reclassified to profit or loss on disposal of foreign operations, net of tax		**(1.2)**	–
Item that will not be reclassified to profit or loss:			
Re-measurements of defined benefit plans, net of tax		**(5.5)**	(0.2)
Other comprehensive income for the year, net of tax		**79.9**	91.4
Total comprehensive income for the year		**261.0**	690.7

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTE	2023 A$M	2022 A$M
Current assets			
Cash and cash equivalents	19	**308.7**	252.8
Trade and other receivables	8	**716.2**	697.4
Inventories	9	**707.6**	763.8
Other financial assets	17	**39.4**	57.8
Assets classified as held for sale	18	**189.5**	0.2
Total current assets		**1,961.4**	1,772.0
Non-current assets			
Investments in joint ventures	26	**599.8**	659.3
Other financial assets	17	**101.4**	93.7
Right of use assets	11	**314.3**	296.4
Property, plant and equipment	10	**1,433.4**	1,317.3
Retirement benefit assets	16	**1.7**	6.6
Deferred tax assets	13	**145.7**	161.0
Intangible assets	12	**148.0**	133.2
Total non-current assets		**2,744.3**	2,667.5
Total assets		**4,705.7**	4,439.5
Current liabilities			
Trade and other payables	14	**838.1**	722.2
Lease liabilities	11	**82.1**	74.7
Other financial liabilities	17	**–**	10.1
Current tax liabilities		**33.3**	29.2
Provisions	15	**140.0**	189.1
Total current liabilities		**1,093.5**	1,025.3
Non-current liabilities			
Payables	14	**21.4**	15.9
Borrowings	20	**444.2**	355.5
Lease liabilities	11	**278.5**	271.5
Deferred tax liabilities	13	**156.0**	143.4
Provisions	15	**53.4**	88.8
Retirement benefit obligations	16	**2.0**	1.6
Total non-current liabilities		**955.5**	876.7
Total liabilities		**2,049.0**	1,902.0
Net assets		**2,656.7**	2,537.5
Equity			
Contributed equity	21	**2,575.6**	2,583.2
Reserves	22	**430.1**	325.7
Accumulated deficit	22	**(349.0)**	(371.4)
Total equity		**2,656.7**	2,537.5

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	NOTE	CONTRIBUTED EQUITY A$M	RESERVES A$M	ACCUMULATED DEFICIT A$M	TOTAL EQUITY A$M
Balance at 30 June 2021		2,727.8	212.9	(821.6)	2,119.1
Income for the year		–	–	599.3	599.3
Other comprehensive (loss)/income		–	91.6	(0.2)	91.4
Total comprehensive income for the year		–	91.6	599.1	690.7
Transactions with owners in their capacity as owners:					
Movement in treasury shares held by trust	21, 22	(20.7)	–	(8.7)	(29.4)
Dividends paid	6	–	–	(140.2)	(140.2)
Share-based payments expense, net of tax		–	21.2	–	21.2
Buy-back of ordinary shares	21	(123.9)	–	–	(123.9)
		(144.6)	21.2	(148.9)	(272.3)
Balance at 30 June 2022		2,583.2	325.7	(371.4)	2,537.5
Income for the year		**–**	**–**	**181.1**	**181.1**
Other comprehensive (loss)/income		**–**	**85.4**	**(5.5)**	**79.9**
Total comprehensive income for the year		**–**	**85.4**	**175.6**	**261.0**
Transactions with owners in their capacity as owners:					
Movement in treasury shares held by trust	21, 22	**7.0**	**–**	**(29.6)**	**(22.6)**
Dividends paid	6	**–**	**–**	**(123.6)**	**(123.6)**
Share-based payments expense, net of tax		**–**	**19.0**	**–**	**19.0**
Buy-back of ordinary shares	21	**(14.6)**	**–**	**–**	**(14.6)**
		(7.6)	**19.0**	**(153.2)**	**(141.8)**
Balance at 30 June 2023		**2,575.6**	**430.1**	**(349.0)**	**2,656.7**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	NOTE	2023 A$M	2022 A$M
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**7,972.6**	9,126.6
Payments to suppliers and employees (inclusive of goods and services tax)		**(7,579.6)**	(8,553.9)
		393.0	572.7
Interest received		**7.4**	3.9
Interest paid		**(34.6)**	(19.5)
Dividends received from joint ventures		**129.7**	174.0
Grant income received		**0.3**	0.9
Insurance recoveries		**15.3**	1.6
Income taxes received		**1.1**	–
Income taxes paid		**(63.0)**	(185.8)
Net cash inflows from operating activities	19	**449.2**	547.8
Cash flows from investing activities			
Payments for property, plant and equipment		**(230.5)**	(274.7)
Payments for businesses, net of cash acquired		**(50.5)**	(69.6)
Payments for intangible assets		**(2.0)**	(1.5)
Payments for other financial assets		**(6.1)**	(2.1)
Proceeds from sale of assets held for sale		**14.9**	62.4
Proceeds from sale of property, plant and equipment		**47.5**	12.6
Proceeds from sale of other financial assets		**1.5**	1.5
Repayment of loan by related party		**1.5**	1.4
Loan to joint venture		**(10.4)**	–
Investment in joint venture		**(11.1)**	(4.8)
Net cash outflows from investing activities		**(245.2)**	(274.8)
Cash flows from financing activities			
Proceeds from borrowings		**757.3**	1,817.9
Repayment of borrowings		**(669.7)**	(1,704.4)
Fees paid for renewal of loan facilities		**–**	(1.3)
Repayment of lease liabilities		**(81.8)**	(78.4)
Payments for ordinary shares bought back	21	**(14.6)**	(123.9)
Payments for shares under employee share plan		**(22.6)**	(29.4)
Dividends paid		**(123.6)**	(140.2)
Net cash outflows from financing activities		**(155.0)**	(259.7)
Net increase in cash and cash equivalents		**49.0**	13.3
Cash and cash equivalents at the beginning of the financial year		**252.8**	240.3
Effects of exchange rate changes on cash and cash equivalents		**6.9**	(0.8)
Cash and cash equivalents at the end of the financial year	19	**308.7**	252.8

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

Notes to the Consolidated Financial Statements

OVERVIEW

1 – BASIS OF PREPARATION

Sims Limited (the "Company") is a for-profit company incorporated and domiciled in Australia. The consolidated financial statements for the year ended 30 June 2023 ("FY23") comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

Basis of preparation

This general-purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- adopts all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2022, all of which did not have a material impact on the financial statements;
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.
- has been prepared on the basis of historical cost, except for certain derivative financial assets and liabilities which have been measured at fair value (note 17);
- is presented in Australian Dollars; and
- 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.

Going concern

The financial report has been prepared on a going concern basis of accounting with no material uncertainties as to the Company's ability to continue to operate.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

In preparing the consolidated financial statements, all intercompany balances and transactions are eliminated.

The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions about future events. Information on material estimates and judgements can be found in the following notes:

- Inventory (note 9)
- Impairment (note 10, note 11 and note 12)
- Deferred tax positions (note 13)
- Business acquisitions and disposals (note 24)
- Share-based payments (note 28)

Notes to the Consolidated Financial Statements

Currency

Each entity in the Group determines its own functional currency, reflecting the currency of the primary economic environment in which it operates.

Transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of each transaction. At balance date, amounts payable and receivable in foreign currencies are converted at the rates of exchange ruling at that date with any resultant gain or loss recognised in the income statement.

Translation

The financial statements of overseas subsidiaries are maintained in their functional currencies and are converted to the Group's presentation currency as follows:

- assets and liabilities are translated at the rate of exchange as at balance date;
- income statements are translated at average exchange rates for the reporting period which approximate the rates ruling at the dates of the transactions; and
- all resultant exchange differences are recorded in the foreign currency translation reserve.

On consolidation, exchange differences arising from borrowings and any other currency instruments designated as hedges of investments in overseas subsidiaries are transferred to the foreign currency translation reserve on a net of tax basis where applicable. When an overseas subsidiary is sold, the cumulative amount recognised in the foreign currency translation reserve relating to the subsidiary is recognised in the income statement as part of the gain or loss on sale.

New and amended accounting standards and interpretations

New and amended accounting standards issued by the AASB and International Accounting Standards Board ("IASB") which became effective on 1 July 2022 that are relevant to the Group include:

- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment–Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts–Cost of Fulfilling a Contract
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The adoption of the above amendments to the accounting standards had no material impact on the Group.

Notes to the Consolidated Financial Statements

FINANCIAL PERFORMANCE

2 – SEGMENT INFORMATION

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/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.
- 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, Poland, Singapore, the United Kingdom and the United States of America.
- Unallocated – comprising unallocated corporate costs, interests in a joint venture in Australia, Sims Resource Renewal ("SRR") and Global Sustainability Insurance Corporation, a captive insurance company.

Information about reportable segments

2023	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
Total sales revenue	3,924.6	1,563.7	1,423.4	824.0	–	325.4	–	8,061.1
Other revenue	7.1	6.8	–	0.3	1.6	0.3	4.9	21.0
Total segment revenue	3,931.7	1,570.5	1,423.4	824.3	1.6	325.7	4.9	8,082.1
Segment EBIT	25.3	118.3	(13.8)	10.9	180.2	(10.5)	(17.4)	293.0
Interest income								7.3
Finance costs								(35.4)
Profits before tax								264.9
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	1,093.4	416.8	232.4	31.3	584.5	44.3	254.0	2,656.7
Other items:								
Depreciation and amortisation	(124.1)	(54.5)	(29.2)	(1.2)	–	(10.6)	(3.1)	(222.7)
Share of results of joint ventures	(1.8)	–	–	–	180.3	–	8.6	187.1
Investments in joint ventures	55.5	0.1	–	–	543.0	–	1.2	599.8
Property, plant and equipment additions	137.0	43.7	22.3	0.2	–	10.5	13.2	226.9

Information about reportable segments

2022	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
Total sales revenue	4,453.4	1,694.4	1,594.9	1,128.5	–	327.0	66.2	9,264.4
Other revenue	6.1	0.4	0.1	0.3	3.0	0.1	1.2	11.2
Total segment revenue	4,459.5	1,694.8	1,595.0	1,128.8	3.0	327.1	67.4	9,275.6
Segment EBIT	241.7	163.5	52.2	54.7	302.5	5.6	(46.6)	773.6
Interest income								3.9
Finance costs								(19.9)
Profits before tax								757.6
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	1,163.5	571.5	224.3	(1.4)	512.0	61.5	6.1	2,537.5
Other items:								
Depreciation and amortisation	(102.0)	(53.4)	(25.8)	(1.1)	–	(9.6)	(10.9)	(202.8)
Share of results of joint ventures	3.9	–	–	–	302.5	–	6.3	312.7
Investments in joint ventures	45.8	0.1	–	–	470.5	–	142.9	659.3
Property, plant and equipment additions	121.7	140.7	28.0	0.1	–	8.3	15.4	314.2

Notes to the Consolidated Financial Statements

3 – REVENUE AND OTHER INCOME

	2023 A$M	2022 A$M
Sales revenue (from contracts with customers)		
Ferrous secondary recycling	**5,840.0**	6,896.6
Non-ferrous secondary recycling	**1,865.4**	1,925.4
Recycling services	**330.7**	327.0
Secondary processing and other services	**25.0**	115.4
	8,061.1	9,264.4
Other revenue		
Interest income	**7.3**	3.8
Rental income	**13.0**	6.6
Dividend income	**0.7**	0.8
	21.0	11.2
Total revenue	**8,082.1**	9,275.6

Sales to external customers[1]

	2023 A$M
Australia	**554.0**
China	**635.4**
India	**526.4**
Turkey	**1,472.0**
United States	**1,604.9**
Other	**3,268.4**
Total sales revenue	**8,061.1**

	2022 A$M
Australia	**612.3**
Bangladesh	**685.9**
China	**507.0**
Turkey	**1,852.9**
United States	**1,772.9**
Other	**3,833.4**
Total sales revenue	**9,264.4**

1 Amounts reflect the customer geographic location.

No single customer contributed 10% or more to the Group revenue for all the periods presented.

Intersegment sales

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

Recognition and measurement

Ferrous secondary recycling

Ferrous secondary recycling comprises the collection, processing and trading of iron and steel secondary raw material. The Group sells a significant portion of its ferrous secondary material on cost and freight or cost, insurance and freight Incoterms. Under these arrangements, revenue from the sale of goods is recognised prior to when the vessel arrives at the destination port as control has passed and performance obligations have been met (dependent on the Incoterm per contract). A material portion of the Group's ferrous bulk cargo sales arrangements specify that title passes once material has been loaded onto a vessel (i.e. passed the ship's rail). These sales are primarily sold on a letter of credit basis.

Non-ferrous secondary recycling
Non-ferrous secondary recycling comprises the collection, processing and trading of other metal alloys and residues, principally aluminium, lead, copper, zinc and nickel bearing materials. Revenue for non-ferrous secondary recycling is recognised when control passes and performance obligations are satisfied. According to the specific contract terms, control of the goods will pass to the customer at the point in time when the goods are loaded in a container, delivered to the customer or cash is received as that is the point in time the original bills of lading are passed to the buyer and title is transferred. Contract terms are determined based upon customer, product and/or destination and are typically sold on a cash in advance, deposit, letter of credit or open credit basis.

Recycling services
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. For recycling services, service revenue is recognised based upon completion of the agreed performance obligations, including services such as hard disk cleansing and data capture and reporting. These performance obligations are based upon amount collected, processed and/or on a time basis amongst other contractual terms. For precious metals reclaimed, revenue is recognised upon completion and agreement of an assay, and when price and quantity can be determined, and acceptance is finalised. Contractual terms can involve a deposit received in advance for which revenue is deferred until performance obligations are satisfied.

Secondary processing and other services
Secondary processing and other services comprise the recycling of municipal curbside materials, stevedoring, and other sources of service based revenue. Municipal curbside revenue predominantly consists of the sale of paper, plastics or tin cans which involve standard pricing and title passing upon collection. The collection of the product satisfies requisite performance obligations of the entity, allowing revenue to be recognised at that time. Other service revenue is recognised based upon completion of the performance obligations in the contract.

Interest income
Interest income is recognised as it is earned, using the effective interest method.

Rental income
Rental income consists of rentals from sub-lease rentals. Rentals received under operating leases and initial direct costs are recognised on a straight-line basis over the term of the lease.

Dividend income
Dividends are recognised when the Group's right to receive the payment is established.

Other income

	2023 A$M	2022 A$M
Net gain on commodity derivatives	**1.1**	25.2
Net gain on currency derivatives	**0.6**	0.8
Net gain on disposal of property, plant and equipment	**36.7**	5.3
Net gain on revaluation of financial assets at fair value through profit or loss	**–**	2.0
Non-recurring gain on sale of interest in SMR	**51.5**	67.4
Government grants	**0.6**	1.3
Insurance recoveries	**0.5**	17.0
Third party commissions	**0.9**	3.8
Management fees	**1.5**	1.7
Other	**8.9**	5.1
Total other income	**102.3**	129.6

Notes to the Consolidated Financial Statements

4 – SIGNIFICANT ITEMS

Significant items are those which by their size and nature, incidence or variability from one period to the next are relevant in explaining the financial performance of the Group and as such are disclosed separately.

	2023 A$M	2022 A$M
Gain on fair valuation of investment	**49.2**	–
Non-recurring gains on asset disposals	**36.5**	79.1
Restructuring and redundancies	**(13.4)**	(5.9)
SA Recycling amortisation reversal	**16.8**	–
Non-qualified hedges[1]	**(18.7)**	16.7
Global ERP software implementation costs	**(4.7)**	(41.5)
SRR impairment	**(9.9)**	–
Alumisource contingent consideration	**(14.5)**	–
Legal & Environmental, net of recoveries	**(2.2)**	(19.5)
Acquisition transaction costs	**–**	(3.7)
Other non-recurring items	**1.7**	(7.7)
	40.8	17.5

1 Non-qualified hedges include the impact of financial hedges that do not qualify for hedge accounting.

The major significant item amounts recorded in FY23 include the following:

- Gain on fair valuation of investment included the gain on restatement of the 49% interest in SMR to market value.
- Non-recurring gains on asset disposals included 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 operational efficiencies and realignment of processing capability in the SLS business in FY23.
- SA Recycling amortisation: Included in the Group's share of profit from SA Recycling for the 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 period relating to prior periods had no material impact on the Group's FY23 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
- Sims Resource Renewal (SRR) impairment:In June 2023, the Group made the decision to withdraw its Development Licence and Planning Permit application in relation to the Campbellfield project in Victoria. Sims Resource Renewal is no longer in a position to pursue the Campbellfield project. In total, $9.9 million was written off at 30 June 2023.
- Alumisource Contingent Consideration: On 12 February 2021, the Group acquired Alumisource Corporation which included contingent consideration based on the performance of the business post-acquisition. During the year ended 30 June 2023, an amount totalling $3.5 million was recognised as an interest expense in relation to the unwind of the discount on the contingent consideration. A further $14.5m was recognised in relation to the final amount payable to the vendor in FY24.The total amount payable recorded was $54 million which is recognised as a Current Liability in Note 15.

Notes to the Consolidated Financial Statements

5 – EXPENSES

	2023 A$M	2022 A$M
Depreciation and amortisation:		
Depreciation expense, net of right of use asset depreciation	**131.5**	122.7
Right of use asset depreciation expense	**85.7**	77.6
Amortisation expense	**5.5**	2.5
	222.7	202.8
Net foreign exchange loss	**8.5**	3.7

Recognition and measurement

Depreciation and amortisation

Refer to note 10 for property, plant and equipment depreciation, note 11 for right of use asset depreciation and note 12 for amortisation.

6 – DIVIDENDS

	CENTS PER SHARE	AMOUNT A$M
2023:		
Interim 2023 (0% franked)	**14.0**	**27.0**
Final 2022 (50% franked)	**50.0**	**96.6**
2022:		
Interim 2022 (44% franked)	41.0	80.3

Since the end of the fiscal year, the Directors have declared a final dividend of 21.0 cents per share (100% franked). The dividend will be payable on 18 October 2023 to shareholders on the Company's register at the record date of 4 October 2023. The estimated dividends to be paid, but not recognised as a liability at the end of the reporting period, is approximately $40.6 million.

Dividend franking account

The franked components of all dividends paid or declared were franked based on an Australian corporate tax rate of 30%.

At 30 June 2023, there was an $8.3 million surplus (2022: $1.2 million surplus) of estimated franking credits.

7 – EARNINGS/(LOSS) PER SHARE

Basic earnings per share is calculated by dividing net profit/(loss) by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing net profit by the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

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.

	2023	2022
Basic earnings/(loss) per share (in A¢)	**93.7**	303.1
Diluted earnings/(loss) per share (in A¢)	**91.7**	295.6
Weighted average number of shares used in the denominator ('000)		
Basic shares	**193,318**	197,722
Dilutive effect of share-based awards	**4,275**	5,036
Diluted shares	**197,593**	202,758

ASSETS AND LIABILITIES

8 – TRADE AND OTHER RECEIVABLES

	2023 A$M	2022 A$M
Trade receivables	**480.8**	500.6
Loss allowance	**(2.0)**	(2.6)
Net trade receivables	**478.8**	498.0
Other receivables	**135.0**	109.3
Tax receivable	**60.0**	49.5
Prepayments	**42.4**	40.6
Total current receivables	**716.2**	697.4
Movement in loss allowance		
Balance at 1 July	**2.6**	2.1
Provision recognised/(written back) during the year	**(0.7)**	0.4
Foreign exchange differences	**0.1**	0.1
Balance at 30 June	**2.0**	2.6
Debtors overdue		
Days overdue		
1–30 days	**31.3**	28.9
31–60 days	**8.9**	7.9
Over 60 days	**14.8**	12.9
	55.0	49.7

Recognition and measurement

Trade and other receivables are initially recognised at fair value, and subsequently measured at amortised cost, net of loss allowance. Trade receivables are generally due for settlement within 30 to 60 days following shipment, except in the case of certain ferrous shipments made to export destinations, which are generally secured by letters of credit that are collected on negotiated terms but generally within 10 days of shipment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written-off by reducing the carrying amount directly. A loss allowance account is used based upon the lifetime expected credit loss model as required by AASB 9 *Financial Instruments*. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument or asset. Refer to the processes described in the credit risk section of note 23 for further information regarding the Group's approach to ongoing credit monitoring. Expected credit losses on other receivables is not considered material.

When a trade receivable for which a loss allowance provision had been recognised becomes uncollectible in a subsequent period, it is written-off against the provision for impairment account. Subsequent recoveries of amounts previously written-off are credited against other expenses in profit or loss.

9 – INVENTORIES

	2023 A$M	2022 A$M
Raw materials	**103.3**	128.9
Finished goods	**561.9**	605.9
Stores and spare parts	**42.4**	29.0
	707.6	763.8

As at 30 June 2023, the value of ferrous inventory held by the Group was $299.9 million (2022: $430.4 million).

The cost of inventories recognised as expense during FY23 amounted to $5,857.0 million (2022: $6,684.8 million).

Lower of cost and market adjustments during the year ended 30 June 2023 and 30 June 2022 were not material. .

Recognition and measurement

Inventories are stated at the lower of cost and net realisable value. Cost is based on first-in, first-out or weighted average and comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditures, the latter being allocated on the basis of normal operating capacity.

Stores and spare parts consist of consumable and maintenance stores and spare parts when they do not meet the definition of property, plant and equipment.

Critical accounting estimate and judgement

Existence of inventories

Quantities of inventories are determined using various estimation techniques, including observation, weighing and other industry methods and are subject to periodic physical verification and includes procedures such as zero pile out and peer review stock takes.

Valuation of inventories

The Group reviews its inventory at the end of each reporting period to determine if it is properly stated at the lower of cost and net realisable value. Net realisable value is based on estimated future selling prices. Impairment losses may be recognised on inventory if management needs to revise its estimates of net realisable value in response to changing market conditions.

10 – PROPERTY, PLANT AND EQUIPMENT

	LAND A$M	BUILDINGS A$M	LEASEHOLD IMPROVEMENTS A$M	PLANT & EQUIPMENT A$M	CAPITAL WORK IN PROGRESS A$M	TOTAL A$M
At 30 June 2023						
Cost	**476.1**	**484.8**	**128.3**	**1,421.7**	**232.7**	**2,743.6**
Accumulated depreciation	**–**	**(245.4)**	**(82.5)**	**(982.3)**	**–**	**(1,310.2)**
Net book amount	**476.1**	**239.4**	**45.8**	**439.4**	**232.7**	**1,433.4**
Movement						
Balance at 1 July	**449.8**	**225.8**	**36.5**	**399.9**	**205.3**	**1,317.3**
Additions	**29.2**	**2.0**	**4.9**	**21.5**	**169.3**	**226.9**
Disposals	**(8.7)**	**(0.1)**	**–**	**(1.5)**	**–**	**(10.3)**
Acquisitions (note 24)	**–**	**0.5**	**–**	**8.3**	**–**	**8.8**
Reclass to Asset held for Sale	**(3.2)**	**(0.5)**	**–**	**(2.7)**	**–**	**(6.4)**
Transfers	**(2.8)**	**31.8**	**9.5**	**99.3**	**(137.8)**	**–**
Impairment charges	**–**	**–**	**–**	**(0.9)**	**(9.9)**	**(10.8)**
Depreciation expense	**–**	**(26.3)**	**(7.1)**	**(98.1)**	**–**	**(131.5)**
Foreign exchange differences	**11.8**	**6.2**	**2.0**	**13.6**	**5.8**	**39.4**
Balance at 30 June	**476.1**	**239.4**	**45.8**	**439.4**	**232.7**	**1,433.4**

	LAND A$M	BUILDINGS A$M	LEASEHOLD IMPROVEMENTS A$M	PLANT & EQUIPMENT A$M	CAPITAL WORK IN PROGRESS A$M	TOTAL A$M
At 30 June 2022						
Cost	449.8	438.8	110.5	1,304.5	205.3	2,508.9
Accumulated depreciation	–	(213.0)	(74.0)	(904.6)	–	(1,191.6)
Net book amount	449.8	225.8	36.5	399.9	205.3	1,317.3
Movement						
Balance at 1 July	334.1	258.6	38.9	416.0	76.1	1,123.7
Additions	101.3	1.6	2.1	14.4	194.8	314.2
Disposals	(1.6)	(0.5)	(0.1)	(1.0)	–	(3.2)
Acquisitions (note 24)	–	0.2	–	20.7	5.8	26.7
Dispositions (note 24)	–	(35.7)	–	(26.0)	(3.2)	(64.9)
Transfers	(5.0)	14.1	2.5	68.5	(80.1)	–
Reclass to intangible assets (note 12)	0.2	–	–	–	–	0.2
Impairment charges	–	–	–	(19.6)	(2.2)	(21.8)
Depreciation expense	–	(25.4)	(6.4)	(90.9)	–	(122.7)
Foreign exchange differences	20.8	12.9	(0.5)	17.8	14.1	65.1
Balance at 30 June	449.8	225.8	36.5	399.9	205.3	1,317.3

Recognition and measurement

Carrying value

Property, plant and equipment is recorded at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition and installation of the items.

Depreciation

Assets are depreciated on a straight-line basis over their estimated useful lives. Useful lives are reassessed at the end of each reporting period and are subject to management judgement. The Group's decarbonisation strategy has been considered and included within the assessment of useful lives of assets.

The expected useful lives are as follows:

- Buildings – 25 to 40 years
- Plant and equipment – 1 to 20 years
- Leasehold improvements – lesser of life of asset or term of the lease

Proceeds from sale of assets

The gross proceeds from sale of assets are recognised at the date that an unconditional contract of sale is exchanged with the purchaser and control of the asset is transferred. Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amounts and recognised in profit or loss.

Critical accounting estimate and judgement

Impairment

The carrying amounts of the Group's property, plant and equipment are reviewed for impairment when there is an indication that the asset may be impaired. If the asset's carrying amount is greater than its estimated recoverable amount, then an impairment loss is recognised. Assessing the recoverable amount of property, plant and equipment requires management judgement.

Notes to the Consolidated Financial Statements

11 – LEASES

	REAL ESTATE A$M	PLANT & EQUIPMENT A$M	TOTAL A$M
At 30 June 2023			
Cost	**339.2**	**241.7**	**580.9**
Accumulated impairment	**(7.3)**	**(0.3)**	**(7.6)**
Accumulated depreciation	**(137.2)**	**(121.8)**	**(259.0)**
Net book amount	**194.7**	**119.6**	**314.3**
Movement			
Balance at 1 July	**204.0**	**92.4**	**296.4**
Additions	**17.6**	**68.2**	**85.8**
Business acquisitions	**–**	**5.9**	**5.9**
Impairment expense	**(1.7)**	**(0.6)**	**(2.3)**
Impairment expense reversed	**–**	**0.3**	**0.3**
Disposals	**0.5**	**(1.7)**	**(1.2)**
Reclassifications	**5.9**	**(1.5)**	**4.4**
Depreciation expense	**(38.9)**	**(46.8)**	**(85.7)**
Foreign exchange differences	**7.3**	**3.4**	**10.7**
Balance at 30 June	**194.7**	**119.6**	**314.3**
At 30 June 2022			
Cost	296.7	189.5	486.2
Accumulated impairment	(5.9)	–	(5.9)
Accumulated depreciation	(86.8)	(97.1)	(183.9)
Net book amount	204.0	92.4	296.4
Movement			
Balance at 1 July	182.3	94.0	276.3
Additions	126.0	40.6	166.6
Business acquisitions	–	0.7	0.7
Impairment expense reversed	0.2	–	0.2
Disposals	(76.7)	(3.4)	(80.1)
Depreciation expense	(34.6)	(43.0)	(77.6)
Foreign exchange differences	6.8	3.5	10.3
Balance at 30 June	204.0	92.4	296.4

Consolidated income statements

	2023 A$M	2022 A$M
Right-of-use asset depreciation	**85.7**	77.6
Interest expense (included in finance costs)	**10.3**	8.0
Expense related to short-term and low-value leases	**5.0**	2.7

Consolidated statement of cash flows

	2023 A$M	2022 A$M
Repayment of lease liabilities within 'financing activities'	**81.8**	78.4
Interest related to lease liabilities within 'operating activities'	**10.3**	8.0
Total lease cash outflows	**92.1**	86.4

Lease liabilities are monitored within the Group's treasury function. The contractual cash flows of the Group's lease liabilities at the reporting date are shown in the table below. The contractual amounts represent the future undiscounted cash flows.

	2023 A$M	2022 A$M
Not later than one year	**94.5**	82.3
Later than one year, but not later than five years	**213.7**	189.6
Later than five years	**96.3**	108.3
	404.5	380.2
Less: unearned interest	**43.9**	34.0
	360.6	346.2

Recognition and Measurement

Depreciation

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

12 – INTANGIBLE ASSETS

	GOODWILL A$M	SUPPLIER RELATIONSHIPS A$M	LICENSES/ CONTRACTS A$M	SOFTWARE & OTHER A$M	TOTAL A$M
At 30 June 2023					
Cost	**1,578.6**	**313.7**	**52.6**	**55.5**	**2,000.4**
Accumulated impairment	**(1,467.3)**	**(25.8)**	**(0.9)**	**(17.8)**	**(1,511.8)**
Accumulated amortisation	**–**	**(260.1)**	**(51.1)**	**(29.4)**	**(340.6)**
Net book amount	**111.3**	**27.8**	**0.6**	**8.3**	**148.0**
Movement					
Balance at 1 July	**102.5**	**23.3**	**0.6**	**6.8**	**133.2**
Acquisitions (note 24)	**7.2**	**7.3**	**–**	**1.2**	**15.7**
Additions	**–**	**–**	**–**	**2.0**	**2.0**
Amortisation expense	**–**	**(3.7)**	**–**	**(1.8)**	**(5.5)**
Foreign exchange differences	**1.6**	**0.9**	**–**	**0.1**	**2.6**
Balance at 30 June	**111.3**	**27.8**	**0.6**	**8.3**	**148.0**

	GOODWILL A$M	SUPPLIER RELATIONSHIPS A$M	PERMITS A$M	LICENSES/ CONTRACTS A$M	SOFTWARE & OTHER A$M	TOTAL A$M
At 30 June 2022						
Cost	1,518.3	296.1	12.0	50.9	50.5	1,927.8
Accumulated impairment	(1,415.8)	(24.9)	(12.0)	(0.8)	(17.2)	(1,470.7)
Accumulated depreciation	–	(247.8)	–	(49.5)	(26.6)	(323.9)
Net book amount	102.5	23.4	–	0.6	6.7	133.2
Movement						
Balance at 1 July	79.9	11.9	–	–	1.2	93.0
Acquisitions (note 24)	20.5	12.2	–	0.6	4.1	37.4
Additions	–	–	–	–	1.5	1.5
Amortisation expense	–	(2.1)	–	–	(0.4)	(2.5)
Foreign exchange differences	2.1	1.4	–	–	0.3	3.8
Balance at 30 June	102.5	23.4	–	0.6	6.7	133.2

Recognition and measurement

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets

Other intangible assets, comprising supplier relationships, permits, trade names, software and contracts, are acquired individually or through business combinations and are stated at cost less accumulated amortisation and impairment losses. Permits have an indefinite life. Software and other intangible assets include acquired trade names and software assets. The Company accounts for SaaS arrangements in which the Company controls the asset as an identified intangible asset within software and other intangible asset.

Amortisation

Intangible assets with finite useful lives are amortised on a straight-line basis.

The expected amoritsation period are as follows:

- Supplier relationships - one to ten years,
- Tradenames - over 20 years, and
- Contracts - one to three years.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

Impairment

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired. Other definite lived intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the cash generating unit ("CGU") level. CGUs represent the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

Goodwill has been allocated subsequent to impairments and disposals, for impairment testing purposes, to the CGUs as follows.

CGU	Segment	2023 A$M	2022 A$M
Australia and New Zealand Metal	ANZ Metal	**61.9**	61.7
North America Metal	North America Metal	**47.8**	39.2
All other CGUs		**1.6**	1.5
Total		**111.3**	102.4

1 During FY23, the Group acquired recycling businesses within the NAM segment which resulted in goodwill of $7.2 million and other intangible assets of $8.6 million at the date of acquisition. Refer to note 23 for further information.

Impairment charges

There were no impairment charges recognised in relation to intangible assets in FY23 nor in FY22.

Notes to the Consolidated Financial Statements

Critical accounting estimate and judgement

Determination of potential impairment requires an estimation of the recoverable amount of the CGUs to which the goodwill and intangible assets with indefinite useful lives are allocated. The recoverable amount of each CGU is determined based on the higher of its value in use or fair value less costs to sell. These calculations require the use of assumptions such as discount rates, growth rates based on historical market data and other assumptions.

Key assumptions used for goodwill and intangible asset impairment tests

The value in use calculations use a five-year cash flow projection, which is based initially on the budget for the year ended 30 June 2024 (as approved by the Board) and a four-year forecast prepared by management. The four-year forecast is developed using historical averages derived from four years of historical results and the budget for the year ended 30 June 2024.

These five-year projections also incorporate management estimates related to the inherent impact of future volatility in volumes, commodity prices and margins drawn from past experience and factor in current and expected future economic conditions. A terminal value is determined from the final year of cash flow based on application of the Gordon Growth model.

The cash flows are discounted using rates that reflect management's estimate of the time value of money and the risks specific to each CGU that are not already reflected in the cash flows. In determining appropriate discount rates for each CGU, consideration has been given to a weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the CGU.

The cash flow projections are based on management's best estimates, with reference to historical results, to determine income, expenses, capital expenditures and cash flows for each CGU. Projected expenditures for the Group's decarbonisation and sustainability targets are also estimated in the cashflow forecasts. Expected future cash flows used to determine the value in use of goodwill are inherently uncertain and could materially change over time.

For CGUs utilising the value in use calculation to determine the recoverable amount, the key assumptions used for the value in use calculations were as follows:

	DISCOUNT RATE (PRE-TAX)		GROWTH RATE	
	2023	2022	2023	2022
CGU	%	%	%	%
North America Metal	**13.0%**	13.3%	**2.5%**	1.9%
ANZ Metal	**15.0%**	14.7%	**2.4%**	1.9%

Other than as disclosed above, the Group believes that for all other CGUs, any reasonably possible change in the key assumptions would not cause the carrying value of the CGUs to exceed their recoverable amount.

The North America Metal CGU has US$31.9 million of goodwill and US$20.2 million of other intangible assets at 30 June 2023. An assessment of the impact of possible changes in key assumptions was performed to assess the recoverability of this CGU at 30 June 2023. An increase in the discount rate and/or the CGU fails to achieve an EBIT consistent with historical averages in the coming 12 months is likely to result in impairment.

Notes to the Consolidated Financial Statements

13 – INCOME TAXES

	2023 A$M	2022 A$M
Income tax expense		
Current income tax charge	**48.5**	159.6
Adjustment for prior years	**2.7**	0.5
Deferred income tax	**32.6**	(1.8)
Income tax expense recognised in profit or loss	**83.8**	158.3
Reconciliation of income tax expense to prima facie income tax expense		
Profit/(loss) before income tax	**264.9**	757.6
Tax at the standard Australian rate of 30%	**79.5**	227.3
Effect of tax rates in other jurisdictions	**(24.7)**	(57.6)
Deferred tax assets not recognised	**16.9**	–
Non-deductible expenses	**9.3**	5.5
Tax rate change	**(2.7)**	–
Utilisation of unrecognised deferred tax assets	**(2.7)**	(20.6)
Share of results of joint ventures	**(4.2)**	(3.3)
Non-assessable income	**(0.2)**	(0.5)
Share-based payments	**(1.2)**	2.8
State and local taxes	**11.1**	6.8
Adjustments for prior years	**2.7**	0.5
Other	**–**	(2.6)
Income tax expense recognised in profit or loss	**83.8**	158.3
Income tax (benefit)/charge directly to equity		
Share-based payments	**(2.0)**	1.6
Exchange gain on foreign denominated intercompany loans	**6.4**	13.6
	4.4	15.2
Tax expense relating to items of other comprehensive income		
Cash flow hedges	**–**	–
Defined benefit plans	**(0.1)**	0.5
	(0.1)	0.5
Deferred tax assets and liabilities		
Deferred tax assets		
The balance comprises temporary difference attributable to:		
(amounts recognised in profit or loss)		
Provisions and other accruals	**16.4**	19.2
Employee benefits	**19.6**	40.6
Property, plant and equipment	**3.7**	4.0
Intangible assets	**8.4**	11.6
Joint ventures	**4.5**	10.6
Tax loss carryforwards and tax credits	**30.9**	23.5
Leases	**44.6**	93.1
Share-based payments	**6.0**	6.8
ERP software-other	**28.8**	30.9
	162.9	240.3
(amounts recognised directly in equity)		
Defined benefit plans	**0.3**	0.4
Share-based payments	**3.0**	2.5
	3.3	2.9

Deferred tax assets and liabilities (continued)

	2023 A$M	2022 A$M
Deferred tax assets (continued)		
Balance at 1 July	**243.2**	199.4
Charged to income statement	**(15.3)**	34.6
Charged directly to equity and other comprehensive income	**1.9**	(1.8)
Transfers to/from deferred tax liabilities	**(69.0)**	(1.3)
Foreign exchange differences	**5.4**	12.3
Balance at 30 June	**166.2**	243.2
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
(amounts recognised in profit or loss)		
Intangible assets	**1.9**	2.4
Leases	**41.4**	90.6
Property, plant and equipment	**88.4**	89.4
Inventory and consumables	**3.5**	3.2
Joint ventures	**6.3**	3.1
Share-based payments	**–**	0.2
Employee benefits	**0.8**	8.0
Other	**2.4**	2.2
	144.7	199.1
(amounts recognised directly in equity)		
Defined benefit plans	**(0.1)**	0.2
Exchange gain on foreign denominated intercompany loans	**32.0**	26.3
	31.9	26.5
Movements		
Balance at 1 July	**225.6**	183.3
Charged to income statement	**2.2**	19.3
Charged directly to equity and other comprehensive income	**6.3**	13.7
Transfers to/from deferred tax assets	**(73.9)**	(1.3)
Foreign exchange differences	**16.3**	10.6
Balance at 30 June	**176.5**	225.6
Net deferred tax asset	**(10.3)**	17.6
Deferred tax balances recognised in the Consolidated Statement of Financial Position		
Deferred tax asset	**145.7**	161.0
Deferred tax liability	**156.0**	143.4
Net deferred tax asset	**(10.3)**	17.6

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Recognition and measurement

Current tax

The income tax expense or benefit for the period is the tax payable on the current period taxable income using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect to prior years.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax base. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realisation of deferred tax assets. The net deferred tax assets are all reviewed for realisability each reporting period. In preparing the analysis to determine if there is certainty in future profitability to utilise the deferred assets, in order to be consistent and conservative, the future profitability projected in the goodwill impairment models has been used to determine the recognition of the net deferred tax assets. At 30 June 2023, certain entities utilised deferred tax assets that were not recognised during the year resulting in a tax benefit for the period of A$2.7 million. There were also deferred tax balances not recognised during the year due to uncertainty of future realisability resulting in tax expense of A$16.9 million.

At 30 June 2023, the Group has not recognised deferred tax assets totalling A$88.5 million (2022: A$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 A$69.1 million (2022: A$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 A$6.7 million (2022: A$6.9 million) of tax losses that will expire in five to 20 years. Other unused tax losses may be carried forward indefinitely.

Effective 10 June 2021, the Finance Bill received Royal Assent and became the Finance Act 2021 resulting in an increase to the UK Corporate Income Tax rate from 19% to 25% effective 1 April 2023. The UK deferred tax balances were adjusted to the future tax rate in 2021 and the new UK Corporate income tax rate became effective during the fiscal year.

Tax consolidation legislation

The Company and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 31 October 2005. The Company is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing and funding agreement that provides for the allocation of income tax liabilities between entities should the head entity default on its tax payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement on the basis that the probability of default is remote.

Critical accounting estimate and judgement

Deferred tax

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of probable future taxable profits.

Notes to the Consolidated Financial Statements

14 – TRADE AND OTHER PAYABLES

	2023 A$M	2022 A$M
Current:		
Trade payables	**471.2**	454.0
Other payables	**305.3**	223.2
Deferred income	**61.6**	45.0
	838.1	722.2
Non-current:		
Other payables	**21.4**	15.9

Recognition and measurement

Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of a financial year, which are unpaid.

Movements in deferred income during the fiscal year relate to revenue recognised upon the satisfaction of performance obligations. Deferred income of $45.0 million at 30 June 2022 was earned during FY23 and $61.6 million at 30 June 2023 relates to new performance obligations.

15 – PROVISIONS

	2023 A$M			2022 A$M		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits	**50.8**	**19.8**	**70.6**	122.2	17.1	139.3
Self-insured risks	**10.5**	**17.8**	**28.3**	11.9	21.2	33.1
Onerous provisions	**0.7**	**1.1**	**1.8**	3.3	1.9	5.2
Legal provisions	**0.8**	**–**	**0.8**	33.9	–	33.9
Property make-good	**20.3**	**14.7**	**35.0**	13.3	13.9	27.2
Other provisions	**56.9**	**–**	**56.9**	4.5	34.7	39.2
	140.0	**53.4**	**193.4**	189.1	88.8	277.9

Movements in each class of provision during the year ended 30 June 2023, other than employee benefits, are set out below:

	SELF INSURANCE RISKS A$M	ONEROUS PROVISIONS A$M	LEGAL A$M	PROPERTY MAKE-GOOD A$M	OTHER PROVISIONS[1] A$M
Balance at 1 July 2022	**33.1**	**5.2**	**33.9**	**27.2**	**39.2**
Provisions recognised/(reversed)	**(5.9)**	**(3.6)**	**0.1**	**11.6**	**19.2**
Payments	**–**	**–**	**(33.4)**	**(5.8)**	**(3.0)**
Foreign exchange differences	**1.1**	**0.2**	**0.2**	**2.0**	**1.5**
Balance at 30 June 2023	**28.3**	**1.8**	**0.8**	**35.0**	**56.9**

1 Other provisions includes contingent consideration attributed to the Alumisource acquisition. Refer to note 24 for more detail.

Recognition and measurement
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Probability requires a degree of management judgement. Other than for loss contracts, provisions are not recognised for future operating losses.

Employee benefits
Provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Self-insurance
Certain of the Group’s subsidiaries are self-insured for property, health, workers’ compensation and general liability claims. Provisions are recognised based on claims reported, and an estimate of claims incurred but not reported. These provisions are determined by actuaries on a discounted basis.

Onerous provisions
Provisions for onerous commitments are recognised when the Group believes that the unavoidable costs of meeting the contract obligations exceed the economic benefits expected to be received under the contract.

Property make-good
Provisions are recorded for estimated make-good expenses for the Group’s leased properties and environmental rehabilitation costs. The provision is an estimate of costs for property remediation that is expected to be required in the future.

The Group is subject to comprehensive environmental requirements relating to, among others, the acceptance, storage, treatment, handling and disposal of solid waste and hazardous waste; the discharge of materials and storm water into the environment; the management and treatment of wastewater and storm water and the remediation of soil and groundwater contamination. As a consequence, the Group has incurred, and will continue to incur, environmental costs and liabilities associated with site and facility operation, closure, remediation, monitoring and licensing.

Provisions have been made in respect of estimated environmental liabilities where obligations are known to exist and can be reasonably measured. However, additional liabilities may emerge due to a number of factors, including changes in environmental laws and regulations in each of the jurisdictions in which the Group operates or has operated. The Group cannot predict the extent to which it may be impacted in the future by any such changes in legislation or regulation.

Legal claims
Various Group companies are parties to legal actions and claims that arise in the ordinary course of their business. While the outcome of such legal proceedings cannot be readily foreseen, the Group believes that they will be resolved without material effect on its financial statements. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably estimated and there are no contingent obligations the Group are aware of.

Other provisions
Other provisions include contingent obligations resulting from acquisition-related contractual arrangements. A provision is made when a Group company has a subsequent legal or constructive obligation, and it is probable that an outflow of resources will be required to settle the obligation based on the contractual terms. Subsequent to a fair value purchase accounting assessment, any remeasurement of the contingent consideration will be recognised in profit or loss.

16 – RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of pension plans for the benefit of its employees throughout the world. The Group's pension plans are provided through either defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement. The defined contribution plans receive fixed contributions from Group companies with the Group's legal obligation limited to these contributions. The Group made contributions of $16.9 million in the year ended 30 June 2023 (2022: $8.4 million).

Defined benefit plans

The Group operates different defined benefit plans in the UK, Australia and US. The specific characteristics (benefit formulas, funding policies and types of assets held) of the defined benefit plans vary according to the regulations and laws in the country where the defined benefit plans are offered.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2023 A$M	2022 A$M
Fair value of defined benefit plan assets	**65.4**	73.1
Present value of accumulated defined benefit obligations	**(65.7)**	(68.1)
Net amount	**(0.3)**	5.0
Net amount comprised of:		
Retirement benefit assets	**1.7**	6.6
Retirement benefit obligations	**(2.0)**	(1.6)
Net defined benefit assets / (liabilities)	**(0.3)**	5.0

The movements in the net defined benefit balance during the year ended 30 June are outlined below:

	2023			2022		
	FAIR VALUE OF PLAN ASSETS A$M	PRESENT VALUE OF OBLIGATION A$M	NET PLAN ASSET A$M	FAIR VALUE OF PLAN ASSETS A$M	PRESENT VALUE OF OBLIGATION A$M	NET PLAN ASSET A$M
Balance at 1 July	**73.1**	**(68.1)**	**5.0**	92.7	(87.3)	5.4
Actuarial gains/(losses) recorded in comprehensive income	**(11.8)**	**6.4**	**(5.4)**	(16.3)	16.6	0.3
Current service cost	**–**	**(0.6)**	**(0.6)**	(0.1)	(0.5)	(0.6)
Net interest income	**2.8**	**(2.7)**	**0.1**	1.8	(1.8)	—
Employer contributions	**0.6**	**(0.1)**	**0.5**	0.3	0.1	0.4
Benefit payments	**(3.9)**	**3.9**	**–**	(4.1)	4.1	—
Foreign exchange differences	**4.6**	**(4.5)**	**0.1**	(1.2)	0.7	(0.5)
Balance at 30 June	**65.4**	**(65.7)**	**(0.3)**	73.1	(68.1)	5.0

The principal actuarial assumptions, which require estimations and judgement, used to calculate the net defined benefit balance were as follows. These are expressed as a weighted average.

	2023	2022
Discount rate	**5.1%**	3.0%
Rate of increase in salaries	**3.5%**	3.5%
Rate of increase in Retail Price Index (UK defined benefit plan only)	**3.0%**	3.5%

The Group expects to make contributions of $0.4 million to the defined benefit plans during the next financial year.

The major categories of plan assets are as follows:

	2023 A$M	2022 A$M
Cash	**9.0**	2.9
Equity investments	**4.5**	6.0
Debt instruments	**19.6**	23.0
Property and other assets	**32.3**	41.2
Total plan assets	**65.4**	73.1

Recognition and measurement

The defined benefit obligations are calculated annually, at a minimum, by independent actuaries using the projected unit credit method. Remeasurements of the net defined benefit balance, excluding interest, are recognised immediately in other comprehensive income.

The Group determined the net interest income on the net defined benefit balance for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the opening net defined benefit balance, adjusted for any changes in the net defined benefit balance during the period resulting from contributions and benefit payments. Net interest income related to the defined benefit plans is recognised in the income statement.

17 – OTHER FINANCIAL ASSETS AND LIABILITIES

	2023 A$M	2022 A$M
Other financial assets – Current:		
Investments in marketable securities[2]	**19.9**	13.5
Trust assets	**1.2**	1.2
Lease receivable	**0.1**	0.9
Restricted cash related to captive insurance financial asset (note 18)	**–**	–
Derivative financial instruments:		
Forward commodity contracts	**16.4**	42.2
Forward foreign exchange contracts	**1.8**	–
	39.4	57.8
Other financial assets – Non-current:		
Loans to related parties[1]	**42.0**	42.0
Long term lease receivable	**32.7**	34.1
Other receivables	**26.7**	17.6
	101.4	93.7
Other financial liabilities – Current:		
Derivative financial instruments:		
Forward foreign exchange contracts	**–**	10.1
	–	10.1

1 In FY20, the Group provided a US$40.0 million loan to Adams Steel of Nevada LLC, an entity held by George Adams who is a member in the Group's joint venture, SA Recycling. The loan accrues interest at 4% per annum for an eight year term. At 30 June 2023, the balance of the loan was $42.0 million.

2 Marketable securities represents an investment in a mutual fund relating to retirement obligations for employees in the US. There is a corresponding liability recognised in the Employee Benefits provision in Note 15

Recognition and measurement

Derivative financial instruments

Refer to note 23.

Investments in marketable securities

Investments in marketable securities are designated as a financial asset at fair value through profit or loss. Investments in marketable securities are initially recognised at fair value and are subsequently carried at fair value. The fair value of the investment is based on last quoted price. Unrealised gains and losses arising from changes in the fair value are recognised in profit or loss.

Notes to the Consolidated Financial Statements

18 – ASSETS CLASSIFIED AS HELD FOR SALE

	2023 A$M	2022 A$M
Interest in CLP Circular Services Holdings LLC ("CLP")[1]	**97.5**	–
Interest in LMS Energy Pty Ltd ("LMS")[2]	**85.4**	–
Other	**6.6**	0.2
Assets classified as held for sale	**189.5**	0.2

1 During the first half of FY23, the Group transferred 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. Subsequently in May 2023, the Group sold 1.9% of its interest for US$10 million. This resulted in the Group holding 12.4% interest at 30 June 2023, valued at $97.5 million. The Group expects to sell its remaining interest in CLP within the next financial year.

2 On 6 March 2023, the Group has announced it commenced a process to sell its 50% shareholding in LMS following a strategic review process of LMS. The Group expects to sell its interest in LMS within the next financial year.

Notes to the Consolidated Financial Statements

CAPITAL STRUCTURE AND RISK MANAGEMENT

19 – CASH AND CASH EQUIVALENTS

	2023 A$M	2022 A$M
Cash at bank and on hand	**268.9**	219.2
Restricted cash[1]	**39.8**	33.6
Cash and cash equivalents	**308.7**	252.8

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

Reconciliation of profit/loss for the year ended 30 June to net cash inflows/(outflows) from operating activities

	2023 A$M	2022 A$M
Profit/(loss) for the year ended 30 June	**181.1**	599.3
Adjustments for non-cash items:		
Depreciation and amortisation	**222.7**	202.8
Non-cash interest expense	**0.2**	0.3
Equity accounted results net of dividends received	**(57.6)**	(138.7)
Non-cash share-based payments expense	**16.8**	23.0
Unrealised (gain)/loss on held for trading derivatives	**13.6**	(16.7)
Non-cash retirement benefit expense	**0.6**	0.6
Remeasurement of contingent consideration	**–**	6.4
Net gain on disposal of property, plant and equipment	**(36.7)**	(9.5)
Loss/(gain) on disposal of subsidiaries	**–**	(40.5)
Gain on sales of interest (SMR) - refer to note 26	**(51.5)**	(26.9)
Impairment of property, plant and equipment	**10.9**	21.8
Impairment of leases	**2.0**	–
Non-cash grant income	**(0.3)**	–
Other	**(1.3)**	(0.6)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**12.0**	(34.4)
(Increase)/decrease in inventories	**108.0**	(104.2)
(Increase)/decrease in prepayments	**3.9**	0.5
Increase/(decrease) in provisions	**(89.2)**	50.5
Increase/(decrease) in income taxes	**(5.7)**	(14.7)
Increase/(decrease) in deferred taxes	**28.7**	–
Increase/(decrease) in trade and other payables	**91.0**	28.8
Net cash inflows/(outflows) from operating activities	**449.2**	547.8

Reconciliation of liabilities arising from financing activities

	BORROWINGS A$M	LEASE LIABILITIES A$M
Balance at 30 June 2022	**355.5**	**346.2**
Financing cash flows	**87.6**	**(81.8)**
Lease additions	**–**	**80.9**
Non-cash lease transactions	**–**	**4.2**
Non-cash foreign exchange movement	**1.1**	**11.1**
Balance at 30 June 2023	**444.2**	**360.6**

	BORROWINGS A$M	LEASE LIABILITIES A$M
Balance at 30 June 2021	232.0	325.1
Financing cash flows	113.5	(78.4)
Lease additions	–	165.6
Non-cash lease transactions	–	(76.6)
Non-cash foreign exchange movement	10.0	10.5
Balance at 30 June 2022	355.5	346.2

Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

20 – BORROWINGS

	2023 A$M	2022 A$M
Non-current borrowings	**444.2**	355.5

The Group has access to unsecured global multi-currency/multi-option loan facilities, all of which are subject to common terms. At 30 June 2023, the Group had $833.0 million (2022: $823.5 million) unsecured global multi-currency/multi-option loan facilities and $352.3 million (2022: $427.6 million) unused credit, inclusive of financial guarantees on loan facilities. The amount of credit available is subject to limits from loan covenants as specified in the loan facilities.

In November 2021, the Group renewed its loans facilities on substantially the same terms and conditions as had previously existed. This renewal extended the maturity dates of the Group's borrowing facilities by an additional two years to 31 October 2024.

The group incurred $25.2 million of finance costs, excluding lease interest, during the year ended 30 June 2023, mainly comprised of interest on external borrowings and commitment fees on the Group's loan facilities (2022: $11.6 million).

There have been no breaches of the Group's bank covenants during the period.

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

21 – CONTRIBUTED EQUITY

	2023		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
Share buy-back	**(977,546)**	**(14.6)**	(7,743,782)	(123.9)
Issued under long-term incentive plans	**44,697**	**–**	379,539	–
On issue per share register at the end of the period	**193,181,520**	**2,597.1**	194,114,369	2,611.7
Less: Treasury shares held at the end of the period	**(1,395,087)**	**(21.5)**	(1,619,568)	(28.5)
Total contributed equity	**191,786,433**	**2,575.6**	192,494,801	2,583.2

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. With effect from 1 January 2020, the Company has allowed participants of its long-term incentive plan ("LTIP") to withhold shares to satisfy applicable tax withholding and exercise costs under the LTIP.

Share buy-back

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 FY23, the Company purchased 977,546 ordinary shares for total consideration of $14.6 million under its current buy-back program.

Employee share ownership programme trusts

During August 2019, the Company established two separate employee share ownership programme trusts for the benefit of all long-term incentive plan eligible employees of the Company. The trust uses funds provided by Sims Limited and/or its subsidiaries to acquire shares on market to satisfy exercises and vestings under the Group's long-term incentive plans. The trusts held 1,395,087 shares at 30 June 2023 (2022: 1,619,568 shares).

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds. When the Company purchases any of its own equity instruments, for example, as a result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from contributed equity.

Notes to the Consolidated Financial Statements

22 – RESERVES AND ACCUMULATED DEFICIT

Reserves

	SHARE BASED PAYMENTS 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	22.7	–	22.7
Gain reclassified to profit or loss on disposal of foreign operations	–	(16.7)	(16.7)
Foreign currency translation differences	–	122.0	122.0
Deferred tax	(1.6)	(13.6)	(15.2)
Balance at 1 July 2022	282.0	43.7	325.7
Equity-settled share-based payment expense	**17.0**	**–**	**17.0**
Gain reclassified to profit or loss on disposal of foreign operations	**–**	**(1.2)**	**(1.2)**
Foreign currency translation differences	**–**	**93.0**	**93.0**
Deferred tax	**2.0**	**(6.4)**	**(4.4)**
Balance at 1 July 2023	**301.0**	**129.1**	**430.1**

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of share-based awards issued to employees.

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the Group disposes of the foreign operation.

Accumulated deficit

	2023 A$M	2022 A$M
Balance at 1 July	**(371.4)**	(821.6)
Profit/(loss) after tax	**181.1**	599.3
Dividends paid	**(123.6)**	(140.2)
Treasury shares purchased	**(29.6)**	(8.7)
Actuarial gain on defined benefit plans, net of tax	**(5.5)**	(0.2)
Balance at 30 June	**(349.0)**	(371.4)

23 – FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk, commodity price risk and equity securities price risk), credit risk and liquidity risk. The Group's overall financial risk management strategy seeks to mitigate these risks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by a limited number of employees as authorised by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Risk Committee ("RC") of the Board oversees the monitoring of compliance by management with the Group's risk management framework. The RC is assisted in its oversight role by Internal Audit which undertakes reviews of key management controls and procedures.

The Group uses derivative financial instruments in certain circumstances in accordance with Board approved policies to hedge exposure to fluctuations in foreign exchange rates and commodity prices. Derivative financial instruments are used for hedging purposes and not as trading or other speculative instruments.

Capital risk management

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the Group remains in a sound financial position. In order to manage the capital structure, the Group may periodically adjust dividend policy, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure primarily using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt. As at 30 June 2023, the Group had a net cash position of $(135.5) million (2022: $(102.7) million).

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's net profit or the value of its holdings of financial instruments.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to transactions settled in US dollars and Euro. The exposure of an entity to transaction risk is minimised by matching local currency income with local currency costs.

The Group enters into forward foreign exchange contracts to hedge sales or purchase commitments denominated in currencies that are not the functional currency of the relevant entity. These contracts are typically entered for a period of three to six months based on when the transaction is expected to settle.

The Group's net financial assets/(liabilities) exposure to foreign exchange risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2023 A$M	2022 A$M
Currency		
US dollar	**86.3**	208.2
Euro	**143.7**	90.9
British pounds sterling	**23.5**	5.7

The table below shows the net impact of a 10% appreciation of the relevant currency against the Australian dollar for the balances above with all other variables held constant and the corresponding effect on the Group's forward foreign exchange contracts with all other variables held constant.

Impact on post-tax profit – (lower)

	2023 A$M	2022 A$M
Currency		
US dollar	**(17.5)**	(12.8)
Euro	**7.0**	1.6

Impact on equity – higher

	2023 A$M	2022 A$M
Currency		
US dollar	**43.3**	41.8

The impact on equity includes the effect from intragroup long-term borrowings which, in substance, form part of the Group's investment in an entity. Exchange gains and losses on these balances are recorded in the foreign currency translation reserve.

A 10% depreciation of the relevant currency against the Australian dollar would have an equal and opposite effect.

(ii) Commodity price risk

The Group is exposed to risks associated with fluctuations in the market price for ferrous and non-ferrous metals and precious metals, which are at times volatile. The Group seeks to mitigate commodity price risk by seeking to turn over its inventories quickly, instead of holding inventories in anticipation of higher commodity prices.

The Group uses forward commodity contracts matched to purchases or sales of non-ferrous metals (primarily copper, nickel and aluminium) and certain precious metals (primarily gold, silver and palladium) where viable forward commodity contracts are available to minimise price risk exposure. The hedges undertaken aim to protect margins and provide downside protection of the underlying value of on-site finished goods inventories and unpriced in-transit sales.

At the end of the reporting period, none of the Group's forward commodity contracts qualified for hedge accounting, despite being valid economic hedges of the relevant risk. Accordingly, any movement in commodity rates that impact the fair value of these forward commodity contracts are recorded in profit or loss. Note 17 shows the carrying amount of the Group's forward commodity contracts at the end of the reporting period.

A 10% appreciation in commodity prices on outstanding forward commodity contracts, with all other variables held constant, would result in lower net profit of $13.1 million during FY23 (2022: $2.2 million). A 10% depreciation of the stated commodity prices would have an equal and opposite effect.

(iii) Interest rate risk

The Group is exposed to interest rate risk as entities borrow funds at variable interest rates. The Group does not use any derivative financial instruments to manage its exposure to interest rate risk. Cash deposits, loans to third parties and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate risk for interest-bearing liabilities is immaterial in terms of possible impact on profit or loss.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

The Group establishes credit limits for its customers. Trade and other receivables consist of a large number of customers, spread across various metal producing sectors in international markets. Ongoing credit evaluation is performed on the financial condition of the Group's customers and, where appropriate, a loss allowance is raised. For certain customers, the Group purchases credit insurance to protect itself against collection risks.

The Group is also exposed to credit risk arising from the Group's transactions in derivative contracts. For credit purposes, there is only a credit risk where the counterparty is liable to pay the Group in the event of a closeout.

The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to financial institutions that typically have a minimum credit rating of "A" by either Standard & Poor's or Moody's, unless otherwise approved by the Board. Management also monitors the current credit exposure with each counterparty. Any changes to counterparties or their credit limits must be approved by the Group Chief Financial Officer.

Liquidity risk

Liquidity risk is associated with ensuring that there is sufficient cash and cash equivalents on hand and the availability of funding through an adequate amount of committed credit facilities to meet the Group's obligations as they mature and the ability to close out market positions.

The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic and volatile nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Included in note 19 is a summary of undrawn facilities that the Group can draw upon if required.

The contractual cash flows of the Group's financial liabilities are shown in the table below. The contractual amounts represent the future undiscounted cash flows. The amounts for interest bearing liabilities also include interest cash flows and therefore, do not equate to the carrying amount. The expected timing of cash outflows are set out below:

	LESS THAN 1 YEAR A$M	BETWEEN 1 AND 5 YEARS A$M	OVER 5 YEARS A$M	TOTAL A$M
2023				
Non-derivatives:				
Trade and other payables	**838.1**	**16.7**	**4.7**	**859.5**
Borrowings	–	**444.2**	–	**444.2**
Derivatives:				
Net settled (forward commodity contracts)	–	–	–	–
Gross settled (forward foreign exchange contracts):				–
– (inflows)	**(157.8)**	–	–	**(157.8)**
– outflows	**159.3**	–	–	**159.3**
	839.6	**460.9**	**4.7**	**1,305.2**
Interest on financial commitments	**26.4**	**8.9**	–	**35.3**
Financial guarantees[1]	**44.3**	–	–	**44.3**
	910.3	**469.8**	**4.7**	**1,384.8**

Notes to the Consolidated Financial Statements

	LESS THAN 1 YEAR A$M	BETWEEN 1 AND 5 YEARS A$M	OVER 5 YEARS A$M	TOTAL A$M
2022				
Non-derivatives:				
Trade and other payables	722.2	12.6	3.3	738.1
Borrowings	–	355.5	–	355.5
Derivatives:				
Net settled (forward commodity contracts)	–	–	–	–
Gross settled (forward foreign exchange contracts):				
– (inflows)	(470.4)	–	–	(470.4)
– outflows	480.3	–	–	480.3
	732.1	368.1	3.3	1,103.5
Interest on financial commitments	10.0	10.0	3.4	23.4
Financial guarantees	51.4	–	–	51.4
	793.5	378.1	6.7	1,178.3

1 Refer to note 30 for details on financial guarantees. The amounts disclosed above are the maximum amounts allocated to the earliest period in which the guarantee could be called. However, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement.

Put option

A subsidiary of the Group holds a 50% share in the SA Recycling, LLC Joint Venture ("SAR"). The remaining 50% of SAR is owned by the Adams family through Adams Steel LLC ("Adams Steel"). Under the terms of the SAR Operating Agreement dated 1 September 2007, as subsequently amended, Adams Steel holds an option which gives Adams Steel the right to compel the Group's subsidiary to purchase some or all of its interest on a cash free/debt free basis, using a 4.5 multiple of the average annual EBITDA for the prior three fiscal years. Sims' assessment is that this formula would result in an exercise price that would be considered equal to the fair value of 50% of SAR. As such, the derivative does not have a material value to be accounted for. The purchase of some or all of the interest under the option is to be settled in cash within twelve months of the option being exercised. The option has no expiry date and has no impact on the current control of SAR. The Group considers that sufficient financing options are available should the put option be exercised.

Fair value

The carrying amounts and estimated fair values of the Group's financial assets and liabilities are materially the same.

The fair value of financial instruments traded on active markets (such as publicly traded derivatives and investments in marketable securities) is based on quoted market prices at the reporting date. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (such as forward foreign exchange contracts) is determined using readily observable broker quotes. These instruments are included in level 2.

There were no transfers between levels during the year.

Valuation of financial assets and liabilities

Financial instruments carried at fair value are classified by valuation method using the following hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Certain derivative instruments do not qualify for hedge accounting, despite being valid economic hedges of the relevant risks. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses. Refer to note 4 for the impact of hedge gains or losses for non-qualified hedges.

GROUP STRUCTURE

24 – BUSINESS ACQUISITIONS AND DISPOSALS

Acquisitions

(a) 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.

On a combined basis, had the acquisition occurred on 1 July 2022, the revenue and net profit contribution by the business acquired to the Group's Income Statement would be $388.9 million (US$261.8 million) and $5.5 million (US$3.7 million). Additionally, revenue and net loss contribution by the business acquired to the Group post acquisition to 30 June 2023 was $52.2 million (US$35.1 million) and $1.0 million (US$0.7 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
Inventories	**27.6**
Property, plant and equipment	**8.9**
Right of use asset	**3.0**
Supplier relationships (note 12)	**7.3**
Software & other (note 12)	**1.2**
Lease liabilities	**(3.0)**
Net identifiable assets acquired	**45.0**
Goodwill on acquisition	**7.2**
Total consideration	**52.2**

Certain purchase accounting items, such as the value of intangible assets shown above, require a degree of judgement. The Group has consulted with an independent third party to determine appropriate valuation of these assets.

The accounting for the Northeast Metal Traders, Inc. acquisition has only been provisionally determined at the reporting date and is subject to the finalisation of inventory grade testing and confirmation of outstanding tax payables. 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, and therefore the information presented should be considered provisional.

(b) 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).

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

(c) 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 $51.4 million (US$37.0 million). This transaction was completed on 1 January 2022.

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

24 – BUSINESS ACQUISITIONS AND DISPOSALS (continued)

(d) 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 year ended 30 June 2023, an amount totalling $3.5 million was recognised as an interest expense in relation to the unwind of the discount on the contingent consideration. A further $14.5m was recognised in relation to the final amount payable to the vendor in FY24. This amount is recognised as a Significant Item in Note 4. The total amount payable recorded was $54 million which is recognised as a Current Liability in Note 15.

Disposals and Sale of Interest

(a) Sims Municipal Recycling

In FY22, the Group agreed to sell a majority stake in Sims Municipal Recycling of New York, LLC to a group of investors including two of the Closed Loop Partners (CLP) Investment funds. Under the terms of the transaction, Sims sold 50.46% of SMR for $63.4 million (US$45.4 million) with Sims retaining the balance.

The sale was effective as of 31 January 2022. The consideration and the carrying amount of the net assets at the date of disposal are as follows:

	A$M	A$M
Total cash consideration		**63.4**
Less: cash settlement of loans prior to closing		**(0.8)**
Net cash inflow on disposal of businesses		**62.6**
Net carrying value of disposed assets:		
Cash	–	
Receivables	**19.0**	
Inventories	**0.5**	
Other assets	**0.7**	
Property, plant and equipment, net	**79.6**	
Payables	**(15.4)**	
Other liabilities	**(14.7)**	
Total net assets	**69.7**	
Less: total net carrying value of disposed assets at 50.46%		**(35.2)**
Gain reclassified to profit or loss on disposal of foreign operations		**16.7**
Gain on sale of interest (note 3)		**44.1**

The Group recognised $26.9 million as the portion of that gain attributable to remeasuring the 49.54% investment interest retained in the former subsidiary by the Group at its fair value at the date when control was lost.

During FY23, the Group transferred its 49.5% interest in Sims Municipal Recycling into CLP Circular Services Holdings LLC. Refer to note 18 for further details.

25 – SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING % 2023	2022
Sims Limited[1]	Australia		
Electronic Product Stewardship Australasia Pty Limited	Australia	**90%**	90%
Sims Aluminium Pty Limited[1]	Australia	**100%**	100%
Sims E-Recycling Pty Limited	Australia	**90%**	90%
Sims Energy Pty Ltd	Australia	**90%**	90%
Sims Group Australia Holdings Limited[1]	Australia	**100%**	100%
Sims Group Holdings 1 Pty Ltd	Australia	**100%**	100%
Sims Group Holdings 2 Pty Ltd	Australia	**100%**	100%
Sims Group Holdings 3 Pty Limited	Australia	**100%**	100%
Sims Industrial Pty Limited	Australia	**100%**	100%
Simsmetal Holdings Pty Limited	Australia	**100%**	100%
Simsmetal Properties NSW Pty Limited	Australia	**100%**	100%
Simsmetal Properties Qld Pty Limited	Australia	**100%**	100%
Simsmetal Services Pty Limited[1]	Australia	**100%**	100%
Sims Resource Renewal Pty Limited	Australia	**100%**	100%
Sims Group Canada Holdings Limited	Canada	**100%**	100%
Sims Group Recycling Solutions Canada Ltd	Canada	**100%**	100%
Sims Group German Holdings GmbH	Germany	**100%**	100%
Sims Lifecycle Services GmbH	Germany	**100%**	100%
Sims Metal Management Asia Limited	Hong Kong	**100%**	100%
Sims Recycling Solutions India Private Limited	India	**100%**	100%
Trishyiraya Recycling India Private Limited	India	**100%**	100%
Sims Recycling Solutions Ireland Limited	Ireland	**100%**	100%
Sims Lifecycle Services BV	Netherlands	**100%**	100%
Sims Recycling Solutions Coöperatief B.A.	Netherlands	**100%**	100%
Sims E - Recycling (NZ) Limited	New Zealand	**90%**	90%
Sims Pacific Metals Limited	New Zealand	**100%**	100%
Simsmetal Industries Limited	New Zealand	**100%**	100%
PNG Recycling Limited	Papua New Guinea	**100%**	100%
Sims Recycling Solutions Sp. z.o.o.	Poland	**100%**	100%
Sims Global Commodities Pte. Ltd.	Singapore	**100%**	100%
Sims Recycling Solutions Pte. Ltd.	Singapore	**100%**	100%
Kaystan Holdings Limited	UK	**100%**	100%
Lord & Midgley Limited	UK	**100%**	100%
Morley Waste Traders Limited	UK	**100%**	100%
Sims Foundry Limited[2]	UK	**0%**	100%
Sims Renewable Energy Limited	UK	**100%**	100%
Sims Group UK Holdings Limited	UK	**100%**	100%
Sims Group UK Intermediate Holdings Limited	UK	**100%**	100%
Sims Group UK Limited	UK	**100%**	100%
Sims Group UK Pension Trustees Limited	UK	**100%**	100%

Notes to the Consolidated Financial Statements

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING % 2023	2022
Sims Metal Management Finance Limited	UK	**100%**	100%
CIM Trucking, Inc.	US	**100%**	100%
Dover Barge Company	US	**100%**	100%
Global Sustainability Insurance Corporation	US	**100%**	100%
Metal Management Indiana, Inc.	US	**100%**	100%
Metal Management Midwest, Inc.	US	**100%**	100%
Metal Management Northeast, Inc.	US	**100%**	100%
Metal Management Ohio, Inc.	US	**100%**	100%
Metal Management, Inc.	US	**100%**	100%
Sims ARG, Inc (previously 'Naporano Iron & Metal, Inc.')	US	**100%**	100%
New York Recycling Ventures, Inc.	US	**100%**	100%
Sims Aluminum Inc.	US	**100%**	100%
Sims Southwest Corporation	US	**100%**	100%
Schiabo Larovo Corporation	US	**100%**	100%
Sims Energy USA Holdings Corporation	US	**100%**	100%
Sims Energy USA LLC[3]	US	**50%**	100%
Sims Group Global Trade Corporation	US	**100%**	100%
Sims Group USA Corporation	US	**100%**	100%
Sims Group USA Holdings Corporation	US	**100%**	100%
Sims Metal Management USA GP	US	**100%**	100%
Sims Recycling Solutions Holdings Inc.	US	**100%**	100%
Sims Recycling Solutions Inc.	US	**100%**	100%
Simsmetal East LLC	US	**100%**	100%
Simsmetal West LLC	US	**100%**	100%
SMM – North America Trade Corporation	US	**100%**	100%
SMM Gulf Coast LLC	US	**100%**	100%
SMM New England Corporation	US	**100%**	100%
SMM South Corporation	US	**100%**	100%
SMM Southeast LLC	US	**100%**	100%
Sims Lifecycle Services S.A. de C.V.	Mexico	**100%**	100%
Sims Lifecycle Services Ltda.	Brazil	**100%**	100%
Sims Lifecycle Services Limited	UK	**100%**	100%
Sims Metal Limited	UK	**100%**	100%
Sims Lifecycle Services AB[4]	Sweden	**100%**	0%
Balfia Sp z.o.o.[4]	Poland	**100%**	0%
Sims Corporate Pty Ltd.[4]	Australia	**100%**	0%

1 These subsidiaries and the Company are parties to a Deed of Cross Guarantee under which each entity guarantees the debts of the others. The above entities represent a Closed Group and an Extended Closed Group for the purposes of the relevant Australian Securities and Investments Commission Class Order.
2 These subsidiaries were dissolved in the current year.
3 Sale of 50% interest in the current year.
4 These subsidiaries were formed/purchased in the current year.

Deed of Cross Guarantee

Sims Limited, Sims Group Australia Holdings Limited, Sims Aluminium Pty Limited and Simsmetal Services Pty Limited are parties to a Deed of Cross Guarantee ("DCG") under which each company guarantees the debts of the others. By entering into the DCG, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785, as in force on 28 April 2021.

The above companies represent a "Closed Group" for the purposes of the Class Order. As there are no other parties to the DCG that are controlled by Sims Limited, they also represent the "Extended Closed Group". Set out below are the condensed consolidated income statement, a consolidated statement of comprehensive income, a summary of movements in consolidated accumulated deficit and a consolidated statement of financial position for the Closed Group.

	2023 A$M	2022 A$M
(i) Condensed consolidated income statement		
Profit before income tax	**182.4**	76.6
Income tax expense	**(29.3)**	(25.1)
Profit after tax	**153.1**	51.5
(ii) Consolidated statement of comprehensive income		
Profit after tax	**153.1**	51.5
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Changes in the fair value of derivatives held as cash flow hedges, net of tax	**–**	–
Item that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on defined benefit plans, net of tax	**(0.4)**	0.7
Other comprehensive (loss)/income for the year, net of tax	**(0.4)**	0.7
Total comprehensive income for the year	**152.7**	52.2
(iii) Summary of movements in consolidated accumulated deficit		
Balance at 1 July	**(996.7)**	(900.0)
Profit for the year	**153.1**	51.5
Actuarial gain/(loss) on defined benefit plans, net of tax	**(0.4)**	0.7
Trust reserves	**(29.6)**	(8.7)
Dividends provided for or paid	**(123.6)**	(140.2)
Balance at 30 June	**(997.2)**	(996.7)

Notes to the Consolidated Financial Statements

	2023 A$M	2022 A$M
(iv) Consolidated statement of financial position		
Current assets		
Cash and cash equivalents	**234.6**	13.2
Trade and other receivables	**447.6**	266.5
Current tax receivables	**3.1**	–
Inventories	**194.2**	198.2
Other financial assets	**1.2**	1.2
Assets classified as held for sale	**85.4**	–
Total current assets	**966.1**	479.1
Non-current assets		
Investments in joint ventures	**–**	75.4
Other financial assets	**1,621.3**	1,620.4
Right of use assets	**53.2**	48.2
Property, plant and equipment	**355.6**	355.2
Deferred tax assets	**–**	4.3
Other intangible assets	**48.7**	49.1
Total non-current assets	**2,078.8**	2,152.6
Total assets	**3,044.9**	2,631.7
Current liabilities		
Trade and other payables	**599.8**	264.0
Lease liabilities	**17.3**	17.4
Other financial liabilities	**–**	4.8
Current tax liabilities	**(3.4)**	8.3
Provisions	**25.6**	73.5
Total current liabilities	**639.3**	368.0
Non-current liabilities		
Lease liabilities	**75.0**	76.6
Borrowings	**439.9**	312.0
Deferred tax liabilities	**9.7**	–
Retirement benefit obligations	**1.0**	0.6
Provisions	**3.6**	7.3
Total non-current liabilities	**529.2**	396.5
Total liabilities	**1,168.5**	764.5
Net assets	**1,876.4**	1,867.2
Equity		
Contributed equity	**2,575.6**	2,583.2
Reserves	**298.0**	280.7
Accumulated deficit	**(997.2)**	(996.7)
Total equity	**1,876.4**	1,867.2

26 – INTERESTS IN OTHER ENTITIES

Joint ventures

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST % 2023	2022
SA Recycling, LLC ("SAR")[1]	Recycling	US	**50.0**	50.0
LMS Energy Pty Ltd[3]	Renewable energy	Australia	**50.0**	50.0
Richmond Steel Recycling Limited	Recycling	Canada	**50.0**	50.0
Rondout Iron & Metal Company LLC	Recycling	US	**50.0**	50.0
KDCGlobal, Inc.	Recycling	US	**49.0**	–
Sims Municipal Recycling of New York, LLC ("SMR")[2]	Recycling	US	**–**	49.5

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 the first half of FY23, the Group transferred 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 the point of transfer. Refer to note 18 for further details.

3 On 6 March 2023, the Group has announced it commenced a process to sell its 50% shareholding in LMS following a strategic review process of LMS. The Group expects to sell its interest in LMS within the next financial year. This investment has been recorded as an asset held for sale. Refer to note 18 for further details.

Movements in carrying amounts of joint ventures

2023	SAR A$M	SMR A$M	OTHER A$M	TOTAL A$M
Balance at 1 July	**470.5**	**63.9**	**124.9**	**659.3**
Share of results	**163.5**	**(3.0)**	**9.8**	**170.3**
SA Recycling amortisation reversal	**16.8**	**–**	**–**	**16.8**
Derecognition of investment in joint venture	**–**	**(62.8)**	**–**	**(62.8)**
Fair value of investment in associates	**–**	**–**	**–**	**–**
Reclassification to assets held for sale	**–**	**–**	**(85.4)**	**(85.4)**
Dividends received	**(125.2)**	**–**	**(4.5)**	**(129.7)**
Investment/advance to joint venture	**–**	**–**	**11.4**	**11.4**
Other	**–**	**–**	**0.3**	**0.3**
Foreign exchange differences	**17.3**	**1.9**	**0.4**	**19.6**
Balance at 30 June	**542.9**	**–**	**57.0**	**599.8**

2022	SAR A$M	SMR A$M	OTHER A$M	TOTAL A$M
Balance at 1 July	305.9	–	111.2	417.1
Share of results	302.5	1.0	9.2	312.7
Share of other comprehensive income	(0.1)	–	–	(0.1)
Fair value of investment in associates	–	61.4	–	61.4
Dividends received	(171.0)	–	(3.0)	(174.0)
Other	–	–	4.8	4.8
Foreign exchange differences	33.2	1.5	2.7	37.4
Balance at 30 June	**470.5**	**63.9**	**124.9**	**659.3**

Notes to the Consolidated Financial Statements

Summarised financial information of joint ventures

2023	SAR	SMR	OTHER	TOTAL
Statement of financial position				
Current assets	**695.0**	**–**	**53.3**	**748.3**
Non-current assets	**1,430.6**	**–**	**207.5**	**1,638.1**
Current liabilities	**368.0**	**–**	**22.5**	**390.5**
Non-current liabilities	**727.3**	**–**	**53.7**	**781.0**
Income statement				
Revenue	**4,519.0**	**45.6**	**210.9**	**4,775.5**
Net profit for the year	**299.2**	**(10.7)**	**8.4**	**296.9**

2022	SAR A$M	SMR A$M	OTHER A$M	TOTAL A$M
Statement of financial position				
Current assets	806.2	28.0	89.2	923.4
Non-current assets	1,123.5	65.8	258.0	1,447.3
Current liabilities	310.1	–	30.7	340.8
Non-current liabilities	671.3	–	74.3	745.6
Income statement				
Revenue	5,200.3	122.1	271.3	5,593.7
Net profit for the year	604.6	5.4	19.5	629.5

Balances and transactions with joint ventures

2023				
Purchases of goods and services	**682.6**	**–**	**24.6**	**707.2**
Management and other fees and commissions	**7.7**	**–**	**1.1**	**8.8**
Current receivables	**12.9**	**–**	**0.2**	**13.1**
Current payables	**19.7**	**–**	**–**	**19.7**

2022				
Purchases of goods and services	941.7	–	–	941.7
Management and other fees and commissions	9.4	–	1.2	10.6
Current receivables	7.1	(0.4)	(1.7)	5.0
Current payables	22.9	–	0.1	23.0

Recognition and measurement

Investments in joint ventures have been accounted for under the equity method of accounting. The Group's share of net profit of joint ventures is recorded in the income statement.

Investments in joint ventures are annually tested for impairment and whenever the Group believes events or changes in circumstances indicate that the carrying value amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and value in use.

Notes to the Consolidated Financial Statements

27 – PARENT ENTITY INFORMATION

The Company was incorporated on 20 June 2005. Under the terms of a scheme of arrangement entered into between Sims Limited (formerly known as Sims Metal Management Limited from 22 November 2008 to 24 November 2019 and Sims Group Limited from 20 June 2005 to 21 November 2008) and Sims Group Australia Holdings Limited ("SGAHL") (formerly known as Sims Group Limited prior to 20 June 2005) on 31 October 2005, the shareholders in SGAHL exchanged their shares in that entity for the shares in Sims Limited.

SGAHL was deemed to be the acquirer in this business combination. This transaction has therefore been accounted for as a reverse acquisition. Accordingly, the consolidated financial statements of Sims Limited have been prepared as a continuation of the consolidated financial statements of SGAHL. Summary financial information is below:

	2023 A$M	2022 A$M
Statement of financial position:		
Current assets	**148.0**	195.0
Total assets	**2,383.1**	2,430.9
Current liabilities	**85.9**	86.0
Total liabilities	**307.4**	344.5
Shareholders' equity:		
Contributed equity	**3,896.3**	3,903.9
Reserves	**301.1**	282.1
Profits reserve	**19.8**	12.3
Accumulated deficit	**(2,141.5)**	(2,111.9)
Total equity	**2,075.7**	2,086.4
Statement of comprehensive income:		
(Loss)/profit for the year	**131.1**	17.5
Total comprehensive (loss)/income	**131.1**	17.5

Guarantees entered into by the parent entity

The Company has not provided financial guarantees for which a liability has been recognised in the Company's statement of financial position. The Company has given guarantees in respect of the performance of contracts entered into in the ordinary course of business. The amount of these guarantees provided by the Company as at 30 June 2023 was $44.3 million (2022: $51.4 million).

The Company has provided a guarantee for its proportional share of a lease obligation of a joint venture of the Group. The Company's proportional amount of the lease obligation remaining as at 30 June 2023 was $5.6 million (2022: $8.7 million).

The Company is party to a number of financing facilities and a DCG under which it guarantees the debts of a number of its subsidiaries.

OTHER DISCLOSURES

28 – SHARE-BASED PAYMENTS

The Company's LTIP is designed as a reward and retention tool for eligible employees. The maximum number of shares that can be outstanding at any time under the LTIP is limited to 5% of the Company's issued capital. Grants under the share ownership plans can be in the form of options or share rights. Certain share ownership plans also provide for cash-settlement, which are determined by the Board.

Share-based payment expense

	2023 A$M	2022 A$M
Equity-settled share-based payments expense	**17.0**	23.0
Cash-settled share-based payments expense	**–**	0.1
	17.0	23.1

The Company has issued three types of instruments under its LTIP:

- Equity settled options
- Performance rights
- Restricted share units

Equity-settled options

Historically, options were issued to reward executives for absolute share price performance because the options only have value if the Company's share price exceeds the exercise price at the end of the vesting period. Since FY19, there has been no further issuance of share options by the Group and all outstanding options have fully vested in FY22.

FY23

Grant Date	Balance 1 July	Granted during year	Fair value at Grant Date	Exercised	Forfeited / Cancelled	Balance 30 June
13-Nov-15	237,427	–	A$7.00	(174,741)	(62,686)	–
10-Nov-16	699,179	–	A$3.78	(195,033)	–	504,146
9-Nov-17	675,031	–	A$4.33	(18,132)	(18,837)	638,062
5-Feb-18	55,168	–	A$4.89	–	–	55,168
9-Nov-18	976,833	–	A$3.47	(57,768)	–	919,065
4-Feb-19	4,933	–	A$10.19	–	–	4,933
Total	**2,648,571**	**–**	**A$33.66**	**(445,674)**	**(81,523)**	**2,121,374**

FY22

Grant Date	Balance 1 July	Granted during year	Fair value at Grant Date	Exercised	Forfeited / Cancelled	Balance 30 June
14-Nov-14	196,238	—	A$10.98	(142,240)	(53,998)	—
13-Nov-15	688,178	—	A$7.00	(450,751)	—	237,427
10-Nov-16	1,292,761	—	A$3.78	(593,582)	—	699,179
9-Nov-17	1,141,974	—	A$4.33	(466,943)	—	675,031
5-Feb-18	55,168	—	A$4.89	—	—	55,168
9-Nov-18	1,733,770	—	A$3.47	(756,937)	—	976,833
4-Feb-19	4,933	—	A$10.19	—	—	4,933
Total	**5,113,022**	**–**	**A$44.64**	**(2,410,453)**	**(53,998)**	**2,648,571**

For equity-settled options exercised during the year ended 30 June 2023, the weighted average share price at the date of exercise was A$14.38 for ordinary shares (2022: A$17.11 for ordinary shares).

The weighted average remaining contractual life of outstanding options at the end of the financial year was 1.57 years (2022: 2.3 years) years and the weighted average exercise price was $12.35 (2022: $11.96).

Performance rights

A performance right is a contractual right to acquire an ordinary share for nil consideration if specified performance conditions are met. Performance rights include TSR Rights, Strategic Rights and ROPA Rights. Details regarding the performance rights are below:

- TSR Rights: reward achievement of higher shareholder returns relative to peer companies in the ASX 200 materials and energy sectors, over the three-year performance period of 1 July through 30 June period. Rights vest after three years, with the quantum subject to attainment of the performance conditions.
- Strategic Rights: incentivise achievement of the Company's strategic goals over the three-year performance period of 1 July through 30 June period. Rights vest after three years, with the quantum subject to attainment of the performance conditions.
- ROPA Rights: incentivise achievement of the Company's Return on Productive Assets over the three-year performance period of 1 July through 30 June period beginning in FY23 period. ROPA is defined as the Average Non-Current Assets divided by underlying EBIT. Rights vest after three years, with the quantum subject to attainment of the performance conditions.

Performance hurdles are either based on Total Shareholder Return ("TSR"), Return on Invested Capital ("ROIC") pre FY23 or Return on Productive Assets from FY23, or strategic goals criteria. Details of the performance and service conditions are provided in the Remuneration Report.

How are the TSR Rights measured?

TSR measures the growth over a particular period in the Company's share price plus the value of reinvested dividends.

The TSR performance hurdle was chosen as it directly aligns with shareholder's interest as executives are rewarded only when the Company's TSR equals or exceeds the median of the comparator companies.

Comparator group

The comparator group used to measure TSR performance is the constituent companies as of 1 July 2022 in the ASX 200 materials and energy sectors. This comparator group is made up of companies in related sectors and of similar size to Sims, that are subject to many of the same economic trends as Sims.

Vesting schedule

TSR-based grants vest according to relative positioning of the Company's TSR at the end of a three-year performance period.

Sims' TSR relative to TSR of Comparator group	Proportion of TSR Rights Vesting
Below 50th Percentile	0%
At 50th Percentile	50%
Between 50th and 75th Percentile	Straight line between 50% and 100%
At or Above 75th Percentile	100%

How are the Strategic Rights measured?

Strategic Rights are measured over a three-year performance period.

Strategic Rights vest based on achievement of defined goals over the Performance Period.

Sims' Board has full discretion to make adjustments on either the calculation or testing results of the Strategic Rights performance measures.

Details of the performance goals and conditions are shown in section 2.6 of the Remuneration Report.

How are the ROPA Rights measured?

ROPA Rights are measured over a three-year performance period.

ROPA Rights vest based on the Company's Return on Productive Assets over the Performance Period.

FY23-25 Average ROPA	Proportion of Earned ROPA Rights Vesting
Below 12%	0%
At 12%	50%
Between 12% and 20%	Straight line between 50% and 100%
At or Above 20%	100%

For all Performance Rights, the valuation per Right was based on the face value of the underlying shares on the date of issue.

During FY23, Performance Rights were granted on 9 November 2022. Refer to Fair Value section below for valuation assumptions.

FY23

Grant Date	Award Type	Balance 1 July	Granted during year	Fair value at Grant Date	Exercised/ Vested	Forfeited/ Cancelled	Balance 30 June
15-Nov-19	Performance Rights - Strategic	470,596	–	A$10.14	(305,889)	(164,707)	–
15-Nov-19	Performance Rights TSR	719,655	–	A$6.61	(719,655)	–	–
11-Nov-20	Performance Rights - Strategic	569,066	–	A$10.10	–	–	569,066
11-Nov-20	Performance Rights TSR	949,342	–	A$8.18	–	(15,035)	934,307
7-Dec-20	Performance Rights TSR	3,119	–	A$12.85	–	–	3,119
22-Jan-21	Performance Rights TSR	11,491	–	A$6.64	(4,896)	–	6,595
11-Nov-21	Performance Rigts SSI	30,381	–	A$100.00	(24,306)	(6,075)	–
11-Nov-21	Performance Rights - Strategic	306,477	–	A$13.68	–	–	306,477
11-Nov-21	Performance Rights TSR	658,600	–	A$8.18	–	(14,312)	644,288
9-Nov-22	Performance Rights - ROPA	–	205,384	A$11.23	–	–	205,384
9-Nov-22	Performance Rights - Strategic	–	280,070	A$11.23	–	–	280,070
9-Nov-22	Performance Rights TSR	–	376,342	A$5.13	–	–	376,342
Total		**3,718,727**	**861,796**		**(1,054,746)**	**(200,129)**	**3,325,648**

FY22

Grant Date	Award Type	Balance 1 July	Granted during year	Fair value at Grant Date	Exercised/ Vested	Forfeited/ Cancelled	Balance 30 June
9-Nov-18	Performance Rights - ROIC	572,998	–	A$11.55	–	(572,998)	–
9-Nov-18	Performance Rights TSR	1,246,675	–	A$6.30	–	(1,246,675)	–
4-Feb-19	Performance Rights - ROIC	4,267	–	A$11.55	–	(4,267)	–
4-Feb-19	Performance Rights TSR	9,284	–	A$6.30	–	(9,284)	–
15-Nov-19	Performance Rights - Strategic	470,596	–	A$10.14	–	–	470,596
15-Nov-19	Performance Rights TSR	719,655	–	A$6.61	–	–	719,655
11-Nov-20	Performance Rights - Strategic	569,066	–	A$10.10	–	–	569,066
11-Nov-20	Performance Rights TSR	949,342	–	A$8.18	–	–	949,342
11-Nov-20	Performance Rigts SSI	29,444	–		(26,499)	(2,945)	–
7-Dec-20	Performance Rights TSR	3,119	–	A$12.85	–	–	3,119
22-Jan-21	Performance Rights TSR	11,491	–	A$6.64	–	–	11,491
11-Nov-21	Performance Rigts SSI	–	30,381	A$100.00	–	–	30,381
11-Nov-21	Performance Rights - Strategic	–	306,477	A$13.68	–	–	306,477
11-Nov-21	Performance Rights TSR	–	658,600	A$8.18	–	–	658,600
Total		**4,585,937**	**995,458**		**(26,499)**	**(1,836,169)**	**3,718,727**

Restricted share units

Restricted share units granted to employees typically vest over a period of three to four years.

Restricted Share Units (RSUs) provide direct share ownership of the company once the restriction period lapses based on continuous employment service. At the end of the first three-year period, the RSUs will vest at 50%. The remaining 50% will vest at the end of the four-year period. Vesting is contingent upon continued employment with the company on the vest dates noted above. Once the units have vested and converted to Ordinary Shares, they become fully owned shares in Sims Limited.

During FY23, two granta of RSU was made - 11 July 2023 and 9 November 2022. Refer to section below for valuation assumptions.

FY23

Grant Date	Award Type	Balance 1 July	Granted during year	Fair value at Grant Date	Exercised/ Vested	Forfeited/ Cancelled	Balance 30 June
1-Apr-19	Restricted Share Units	26,128	–	A$9.88	(26,128)	–	–
15-Nov-19	Restricted Share Units	683,153	–	A$10.02	(373,574)	(7,748)	301,831
6-Jan-20	Restricted Share Units	20,000	–	A$10.07	(10,000)	–	10,000
1-Jun-20	Restricted Share Units	119,642	–	A$7.21	(87,142)	–	32,500
10-Aug-20	Restricted Share Units	112,025	–	A$7.77	(11,348)	–	100,677
31-Aug-20	Restricted Share Units	11,103	–	A$7.65	–	–	11,103
11-Nov-20	Restricted Share Units	867,448	–	A$9.99	–	(27,777)	844,671
7-Dec-20	Restricted Share Units	4,241	–	A$9.99	–	–	4,241
22-Jan-21	Restricted Share Units	15,311	–	A$12.90	(3,171)	–	12,140
13-Jul-21	Restricted Share Units	32,503	–	A$14.41	–	–	32,503
19-Jul-21	Restricted Share Units	4,756	–	A$14.85	(4,756)	–	–
11-Nov-21	Restricted Share Units	526,945	–	A$13.65	–	(16,800)	510,145
11-Jul-22	Restricted Share Units	–	37,175	A$13.27	–	–	37,175
9-Nov-22	Restricted Share Units	–	566,975	A$11.08	–	–	566,975
Total		**2,423,255**	**604,150**		**(516,119)**	**(52,325)**	**2,463,961**

FY22

Grant Date	Award Type	Balance 1 July	Granted during year	Fair value at Grant Date	Exercised/ Vested	Forfeited/ Cancelled	Balance 30 June
1-Apr-19	Restricted Share Units	52,256	–	A$9.88	(26,128)	–	26,128
15-Nov-19	Restricted Share Units	692,251	–	A$10.02	–	(9,098)	683,153
6-Jan-20	Restricted Share Units	20,000	–	A$10.07	–	–	20,000
1-Jun-20	Restricted Share Units	155,000	–	A$7.21	–	(35,358)	119,642
10-Aug-20	Restricted Share Units	112,025	–	A$7.77	–	–	112,025
31-Aug-20	Restricted Share Units	16,655	–	A$7.65	(5,552)	–	11,103
11-Nov-20	Restricted Share Units	867,448	–	A$9.99	–	–	867,448
7-Dec-20	Restricted Share Units	4,241	–	A$9.99	–	–	4,241
22-Jan-21	Restricted Share Units	15,311	–	A$12.90	–	–	15,311
13-Jul-21	Restricted Share Units	–	32,503	A$14.41	–	–	32,503
19-Jul-21	Restricted Share Units	–	4,756	A$14.85	–	–	4,756
11-Nov-21	Restricted Share Units	–	526,945	A$13.65	–	–	526,945
Total		**1,935,187**	**564,204**		**(31,680)**	**(44,456)**	**2,423,255**

Fair value

The significant weighted assumptions used to determine the fair value were as follows. Management consults with a third party firm to perform fair value assessments and assess assumptions, which involve a degree of judgement.

	PERFORMANCE RIGHTS	
	2023	2022
Risk-free interest rate	**3.4%**	0.9%
Dividend yield	**2.8%**	2.8%
Volatility	**41.1%**	28.2%
Share price at grant date	**A$12.13**	A$14.80

	RESTRICTED SHARE UNITS		
	2023		2022
	ISSUED IN JUL 2022	ISSUED IN NOV 2022	
Risk-free interest rate	**0.9%**	**3.4%**	0.9%
Dividend yield	**2.8%**	**2.8%**	2.8%
Volatility	**28.2%**	**41.1%**	28.2%
Share price at grant date	**A$13.85**	**A$12.13**	A$14.80

Recognition and measurement

The grant date fair value is recognised as an employee benefit expense with a corresponding increase in equity over the vesting period. At the end of each reporting period, the Group revises its estimate of the number of shares that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

For cash-settled share-based arrangements, the fair value of the amount payable is recognised as an employee benefit expense with a corresponding increase to a liability. The liability is re-measured each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as an employee benefit expense in profit or loss.

The fair value of options and performance rights at grant date is independently determined using either a binomial model or a Monte-Carlo simulation model which takes into account any market related performance conditions. Non-market vesting conditions are not considered when determining fair value, but rather are included in the assumptions about the number of rights that are expected to vest. The fair value of restricted share units is determined based on the market price of the Company's shares on the date of grant and the Company's dividend yield.

29 – KEY MANAGEMENT PERSONNEL

Total remuneration paid or payable to Directors and key management personnel ("KMP") is set out below:

	2023 A$	2022 A$
Short-term benefits	**10,472,987**	18,033,095
Long-term benefits	**85,708**	113,452
Post-employment benefits	**470,419**	380,299
Share-based payments	**5,235,586**	9,087,915
	16,264,700	27,614,761

Other than the disclosures in note 17, 25, 26 and 29, there were no other transactions with related parties for the year ended 30 June 2023 and 2022.

30 – COMMITMENTS AND CONTINGENCIES

COMMTMENTS	2023 A$M	2022 A$M
Lease Commitments		
Not later than one year	**1.7**	0.5
Later than one year, but not later than five years	**2.3**	1.5
Later than five years	**–**	–
Total lease commitments not recognised as liabilities	**4.0**	2.0

	2023 A$M	2022 A$M
Capital expenditures		
Payable within one year	**34.7**	31.6
Later than one year, but not later than five years	**0.1**	–
Later than five years	**–**	–
Total capital expenditure commitments not recognised as liabilities	**34.8**	31.6

The commitments included above also include the Group's share relating to joint ventures.

Guarantees

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 30 June 2023 was $44.3million (2022: $51.4million).

31 – REMUNERATION OF AUDITORS

AUDITOR OF THE PARENT ENTITY	2023 A$'000	2022 A$'000
Deloitte Touche Tohmatsu Australia:		
Audit or review of financial statements		
• Group.	**1,444**	1,427
• Subsidiaries and joint operations.	**2,159**	2,195
	3,603	3,622
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**–**	4
Other services:		
• Non-assurance services relating to enterprise risk and sustainability.	**–**	592
• Taxation services.	**428**	333
	4,031	4,551

The auditor of Sims Limited is Deloitte Touche Tohmatsu.

32 – SUBSEQUENT EVENTS

On 15 August 2023, the company entered into an agreement to acquire the assets of Northeast US based metal recycler, Baltimore Scrap Corporation and its affiliated entities, for the amount of US$177 million plus working capital adjustments. This transaction will involve the company acquiring 17 facilities, with four shredders and extensive rail, barge, and port infrastructure. The acquisition is anticipated to close in October 2023.

Other than the matter above and the declaration of dividends disclosed in Note 6, there has not been any matter or circumstances, other than that referred to in the 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:

(i) The financial statements and notes set out on pages 53 to 109 are in accordance with the Corporations Act 2001, including:

- complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and

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

(iii) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 24.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Group Chief Executive Officer and the Group Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

G N Brunsdon
Chairperson

New South Wales
15 August 2023

A Field
Managing Director and Group CEO

New South Wales
15 August 2023

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000
Australia

Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Sims Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sims Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

- Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 & 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 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 report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Existence of Ferrous Inventories

At 30 June 2023, the Group's consolidated statement of financial position includes inventories of A$707.6 million, which include ferrous scrap metals inventories of A$299.9 million, as disclosed in Note 9 'Inventories'.

The nature of ferrous inventories means significant judgement is required to estimate the ferrous inventories on hand due to the use of various estimation techniques.</td><td>Our procedures included, but were not limited to:

• Evaluating management's processes for determining the existence of ferrous inventories, including understanding relevant controls;
• Testing the existence of ferrous inventories by attending inventory counts conducted by management at material locations at or around year end and observing and challenging management's process to determine the quantities on hand; and
• Assessing the adequacy of disclosures in the financial report.</td></tr>
<tr><td>IT systems and controls over Financial Reporting

From 1 July 2022 the Group implemented a new IT environment in the Global Trading reporting segment.

Global Trading comprises the Group's ferrous and non-ferrous marketing subsidiaries that coordinate sales of ferrous bulk cargo shipments, non-ferrous sales and brokerage sales.

We considered this a key audit matter because the:

• Financial reporting controls of the Group are reliant on IT systems and Global Trading is a key link between the operating businesses and the Group's customers.
• The configuration of the new IT systems impacted the recording of the transactions between Global Trading and the operating businesses.</td><td>Our procedures included, but were not limited to:

• Together with our IT specialists, we developed an understanding of the Group's IT governance framework and the IT implementation process;
• Performed process walkthroughs of the relevant business processes;
• Performed an assessment of the design and implementation of manual controls included in the relevant business processes; and
• Given the disruption to the IT systems arising from the implementation during the current year we:
  o Varied the nature, timing and extent of detailed substantive testing of the relevant material transactional general ledger accounts; and
  o Performed testing on the accuracy and completeness of relevant system generated reports.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Review, CEO's Review, Operational and Financial Review, Other Information and Shareholder Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Review, CEO's Review, Operational and Financial Review, Other Information and Shareholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 51 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Sims Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants
Sydney, 15 August 2023