



ASX & MEDIA RELEASE

(ASX: SGM, USOTC: SMSMY)

8 November 2022

Sims Limited 2022 Annual General Meeting

Sims Limited is holding its Annual General Meeting (AGM) today. The meeting can be accessed at <https://meetings.linkgroup.com/SGM2022>.

Attached are copies of the addresses to shareholders to be delivered by the Chairman and the Group Chief Executive Officer at the AGM.

Authorised for release by: The Company Secretary

About Sims Limited

Founded in 1917, Sims Limited is a global leader in metal recycling and data centre IT circularity, and an emerging leader in municipal recycling and renewable energy. Our 4,000 employees operate from more than 200 facilities across 15 countries. The Company's ordinary shares are listed on the Australian Securities Exchange (ASX: SGM) and its American Depositary Shares are quoted on the Over-the-Counter market in the United States (USOTC: SMSMY). Our purpose, create a world without waste to preserve our planet, is what drives us to constantly innovate and offer new solutions in the circular economy for consumers, businesses, governments and communities around the world. For more information, visit www.simsmm.com.

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Sims Limited 2022 Annual General Meeting
Addresses by Geoffrey Brunsdon, Chair
and
Alistair Field, Group Chief Executive Officer & Managing Director
8 November 2022

Chairman's Address

Introduction

It is with great pleasure that I welcome you to the Sims Limited 2022 Annual General Meeting. Our Annual General Meeting is an important event for Sims, allowing us to engage directly with you, our shareholders. We appreciate your time, feedback, and support, and we value the opportunity to update you on the Group business. Thank you for joining us either in person at The Mint in Sydney or virtually.

Fiscal year 2022 was a year of significant achievement. I am proud to report that Sims Limited delivered its best financial result ever. Underlying EBIT of \$756.1 million was an increase of 96 percent over the prior year. While the Company benefitted from historically high metal prices, this record performance was delivered against a backdrop of challenging market conditions driven by the continuing effects of the global pandemic, geopolitical unrest and the emergence of inflationary pressures.

Fiscal year 2022 was also a record year with the Company's best safety performance ever. Our first priority has been and will continue to be the safety of our employees and this is demonstrated by an exceptional safety performance. During the year, the Company also advanced its sustainability goals and received recognition for its efforts.

Strategic Growth Plan

As you may recall, in fiscal year 2019, the Company shared its five-year strategic plan for growth within its core metal and cloud recycling business divisions as well as expansion into adjacent businesses that will reduce waste and produce renewable energy. This past year, the Company progressed its plan to grow its core metal business, Sims Metal, through a number of well-priced and attractively located acquisitions in Australia and the United States and by opening several new feeder yards in those geographies.

The Company also purchased a large strategic site at Pinkenba in Queensland and is in the planning phase of designing a world-class recycling facility with the potential for processing shredder residue through the Sims Resource Renewal business. Additionally, during the year, the Company's Sims Lifecycle Services (SLS) business continued to strengthen its

operations by investing in engineering and technology and expanding into new geographies enabling it to scale up operations quickly to meet demand when supply chain challenges ease.

The Company funded a significant portion of its acquisitions through the sale of a 51 percent interest in its Sims Municipal Recycling business to a group of investors, including two Closed Loop Partners funds representing global companies such as Microsoft, Nestle and Unilever. We will continue to recycle non-core and under-utilised assets to support the growth of the Company's core business. This strategy supports the Board's view of balancing the need to invest capital in the business to achieve its strategic objectives with appropriate shareholder returns.

Shareholder Returns

During fiscal year 2022, the Company distributed 42.3% of underlying net profit to shareholders, of which 72.3% came in the form of partially franked dividends, with the remaining 27.7% in the form of an on-market share buyback. The Company declared a final dividend for fiscal year 2022 of 50.0 cents per share, 50 percent franked. This takes the total dividend for fiscal year 2022 to 91.0 cents per share, an increase of 116.7% over the prior year.

The Board is committed to ensuring returns to shareholders are delivered in an efficient manner, whilst balancing the different objectives of shareholders. Given the relative increase in non-Australian sourced profits, which do not attract franking credits, the Board approved a share repurchase program that over the course of fiscal 2022 resulted in the buyback of 7.7 million shares of the Company. The Company has extended the program, and while the number and timing of shares purchased will depend on the Company's share price and market conditions, it will at a minimum continue to buy back shares to eliminate the dilution through the issue of shares following the vesting of executive performance rights.

Sustainability and Corporate Responsibility

Sustainability remains at the core of the Company's business. As a key enabler of the circular economy, Sims diverts valuable resources from landfill, reduces demand for virgin raw materials and brings benefits to its value chain in a number of ways, including mitigating greenhouse gas emissions. In fiscal year 2022, we made more than 9.7 million tonnes of metal and 2.7 million repurposed cloud units available for future use.

The Company's five-year sustainability strategy is built upon three pillars – operate responsibly, close the loop and partner for change. These areas are the most important to our Company and stakeholders and where we can have the most impact. In fiscal year 2022, we continued to make strong progress against the goals we outlined in our sustainability strategy. We marked our best year on record for safety performance, maintained our gender-balanced Board of Directors and achieved our target of 25 percent women in senior management roles. We also brought forward our goal for climate neutrality by 12 years and recorded a 21 percent emissions reduction since our fiscal year 2020 baseline year. We also committed to using 100 percent renewable electricity by 2025, and we nearly doubled the amount of renewable electricity that we used in fiscal year 2022 compared to the previous fiscal year.

Transparency with Shareholders – Say on Climate

The Board recognises the importance of transparency in reporting to shareholders, and as a result, the Company is putting its climate reporting to a non-binding, advisory vote of shareholders at this Meeting. We will hold ourselves accountable by reporting our performance and we expect that you, our shareholders, will also hold us accountable. The Company's Climate Report articulates how Sims aims to thrive in the transition to a low-carbon economy through its portfolio of circular, sustainable businesses. To provide transparency for our Shareholders, we will continue to publish an annual Climate Report, including our progress towards our targets, and we will hold a Say on Climate advisory vote every three years.

Board Renewal

We will continue to ensure that the Board has the right mix of skills and experience to lead the Company. I am sure you will join with me in offering a warm welcome to Philip Bainbridge who joined our Board in September. Phil brings a diversity of executive and Board experience and we are fortunate to have his counsel.

Looking Ahead

A lot has changed in the world since we announced our Purpose - create a world without waste to preserve our planet – and the Company's strategic growth plans and our sustainability targets.

During the year, we revisited our Purpose and considered global economic, social and environmental trends. When we look at the world, our businesses and future opportunities through the lens of our Purpose, it clearly stands the test of time. Your directors are adamant that this is the best way to deliver long-term shareholder return. In a rapidly decarbonizing world, Sims will continue to innovate to provide products and services that help customers reduce their greenhouse gas emissions and close their loop.

Thank you

Thank you for your continued support as shareholders in the Company.

Geoff Brunsdon

Chairman

Group Chief Executive Officer & Managing Director

Thank you, Mr Chairman.

Ladies and gentlemen,

Introduction

I would like to start by echoing Geoff's thanks to everyone attending the AGM in person, and virtually. The 2022 Financial Year was a very strong operational and financial year for Sims. We built upon the progress we achieved in the previous fiscal years to amplify our financial, social and environmental impact.

Our purpose – to create a world without waste to preserve our planet – has never been more relevant and is the foundation of the value we continue to create for our employees, communities, customers and you, our shareholders.

We have continued focusing on our sustainability agenda and achieved significant progress in several areas. First and foremost, by continuing to improve our safety record. Secondly, by progressing towards our carbon neutrality, and gender diversity targets.

This past year was the safest year on record, and we experienced the lowest number of recorded injuries on our history.

We brought forward our carbon neutrality target by 12 years, demonstrating we are serious about our commitment to driving decarbonisation within our own businesses, as well as supporting our customers and other stakeholders on their journeys to reduce carbon emissions. We also achieved our target for gender diversity among our Board of Directors ahead of schedule, but we are not stopping there.

We are a unique business in the materials sector, both by our way of operating and our positive impact and I am delighted that we continue to be recognised for this. In 2022 Financial Year, Sims was awarded the inaugural Terra Carta Seal for supporting the creation of sustainable markets; we received maximum AAA rating in MSCI ESG ratings; we were named one of America's most responsible companies for the second time by Newsweek; and we were included on the Financial Times/Nikkei Asia 2022 APAC Climate Leaders List.

Summary of FY22 Fiscal Outcomes

In FY22, we delivered the strongest underlying EBIT result on record, achieved the strongest trading margin, and we delivered significant volume increases. Proprietary intake volumes reached levels we had not seen since before the onset of the coronavirus pandemic.

Underlying EBIT of A\$756.1 million was 95.6 percent higher than in FY21. Sales revenue was approximately A\$9.3 billion, up by 56.6 percent on the prior corresponding period, driven by higher prices and volumes.

Employee Health and Safety

I've said previously that Sims Limited has the best team in the industry, and I stand by that statement. We continued to invest in their development, health and well-being. To support their personal and professional development and our goal of gender equity, we launched Women Leading @Sims, an internal development program for high performing women throughout our various business divisions. This program allows us to level the playing field and establish our bench strength for succession planning. As we further our commitment to diversity, equity and inclusion, we joined Supply Nation to ensure that we are working with vendors and business partners who identify as Indigenous, female and/or as people of color.

Our consistent safety results demonstrate that we have successfully embedded safety into our culture across the company. The total recordable injury frequency rate was 1.1 compared to 1.2 in FY21. This was the lowest ever recorded.

When it comes to well-being, it goes without saying that our employees have been through a lot these past few years. While strategically speaking, positive change is good, from an emotional standpoint, however, when faced with change, we can have a wide range of feelings. Since each of us handles change differently, my leadership team and I made the decision to focus on our workforce's mental health as a part of our ongoing focus on safety.

Having a dual focus on safety and respect – two of our core values – allowed us to talk openly with our employees about mental health and well-being. As most of you know, when you take care of your employees, they take care of you.

I am pleased with the financial and operational performance achieved; I am even more proud that we did right by our people, honored our values, and led with our purpose.

Trading Update

And now, I would like to provide a trading update for our first half 2023 financial results.

In our full year 2022 results, delivered in August, I indicated that we experienced a sudden softening in market conditions in the later part of June. Throughout the 2023 first quarter, and consistent with other industry reports, we saw these pressures gathering momentum as macro-economic factors remained challenging, including inflation which rose to multi-decade highs across all our markets. In the US, our largest region, inflation surged to a 40-year high. Due to these adverse trading conditions, volumes were lower, margins tighter, and inflation resiliently high for the quarter.

The lower scrap volumes, resulting from significantly reduced economic activity, coupled with increased competition for available infeed, tightened trading margins in both percentage and dollar per tonne terms.

Given this complex backdrop, we remain cautious about the short-term outlook for the business. Underlying EBIT for the first half of 2023 is forecast to be in the range of \$65 million to \$75 million.

It is worth noting that there are shipments scheduled to occur close to the half-year end and, in accordance with revenue recognition policies, this has the potential to impact whether EBIT is attributed to 1H FY23 or 2H FY23.

The cost mitigation initiatives we implemented in the first quarter of FY23 have only partially offset the inflationary pressures faced by all our businesses and, as a result, we expect costs to remain elevated in the first half of FY23. We have identified and will continue to look for opportunities to further reduce our cost base in the second half of FY23.

With regards to sustaining capital investment for the Fiscal Year 2023, we have adjusted our commitments to reflect the softer activity levels and are targeting a reduction in spending of \$50 million, bringing sustaining Capex for the year to \$170 million.

We believe these are short-term headwinds associated with macro-economic factors that do not alter our belief in, and focus on, the medium-term outlook for the business.

Looking past these short-term pressures, which we will continue to manage, Sims remains well positioned for when the market recovers. I am confident that over the last few years we have built a robust growth platform to deliver on our FY25 targets:

- We have consistently delivered EBIT above \$300 million in the previous three financial halves;
- We have successfully transitioned from a regional to a functional organisation, which allowed us to navigate the market volatility, and supply constraints, experienced in the 2022 financial year;
- We have added new and innovative acquisitions, including Alumisource which we expect to generate strong growth in our non-ferrous business;
- And SA Recycling. Having grown rapidly through acquisition over the years, SA Recycling is now a strong contributor to the group's earnings.

I have every confidence that the fundamentals for metal recycling remain positive for the medium-term. Decarbonisation is a global multi-decade challenge for the metal industry. EAFs and recycled metal will play a vital role in achieving this. Finally, the energy transition is expected to continue driving demand for both ferrous and non-ferrous metals.

Thank You

With the successes we have achieved, we are not relaxing our focus; we will continue looking for opportunities for operational improvements across the company and will maintain our disciplined approach to executing our growth strategy.

I would like to extend a sincere gesture of gratitude to all of our employees for the many contributions they've made toward our success, and I look forward to the exciting year ahead.

Alistair Field

Group Chief Executive Officer and Managing Director