



ASX & MEDIA RELEASE

(ASX: SGM, USOTC: SMSMY)

7 May 2024

TRADING UPDATE

Sims Limited (“Sims” or the “Company”) today provided guidance in relation to its FY24 financial results.

The Company anticipates Underlying EBIT in 2H24 will be marginally lower than the HY24 Financial Result. Sims substantial sales revenue, market dynamics associated with the timing of revenue recognition, freight costs, and the competitive environment for scrap metal purchases over the next two months, pose upside opportunities and downside risks to this guidance.

Commenting on the trading update, Sims CEO and Managing Director, Stephen Mikkelsen said “Ongoing market challenges have continued across the industry. SA Recycling (“SAR”) and ANZ Metal (“ANZ”) have faced increased challenges compared to the first half. Pleasingly, despite North America Metal (“NAM”) facing similar market challenges, we anticipate an improved second-half performance as early positive outcomes of the targeted strategies for margin improvement are emerging. We remain confident in the medium to long-term fundamentals, driven by global decarbonisation efforts.”

The negative sentiment surrounding global steel markets continued to soften export scrap markets. Despite relatively resilient performance, US steel markets weakened as evidenced by steel price reductions. US domestic scrap prices followed, although were less pronounced given sustained demand. Intense competition for scrap intake, particularly shredder infeed, continues.

Despite these market pressures, NAM’s operations are forecasting an improved Underlying EBIT performance in 2H24 compared to HY24, driven by positive developments in targeted operational metrics - including increased unprepared scrap and stronger domestic sales volumes.

However, SA Recycling experienced a deterioration in ferrous intake volumes and margins through March and April and is now forecasting a lower 2H24 compared to HY24.

In ANZ, lower domestic demand for scrap metal, coupled with challenging export scrap metal markets influenced by Chinese steel exports, has resulted in reduced demand and prices for scrap. Consequently, we are now forecasting a lower 2H24 for ANZ compared to the HY24.

At UK Metal (“UK”) a number of operational changes have resulted in a reduced cost base, improved margins, and the closure of non-strategic loss-making yards. UK is forecasting an

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improved Underlying EBIT performance in 2H24 compared to HY24. The strategic review of UK is progressing as anticipated and has attracted significant interest. All options, ranging from a total sale through to retention of the business, remain under review.

Momentum remained strong at Sims Lifecycle Services, with forecasted Underlying EBIT in 2H24 to expected to remain consistent with the HY24. The business remains on track to achieve approximately 5 million repurposed units for the year.

The company's cost reduction program, announced in February, with targeted annualised savings by FY26 of between \$70 to \$90 million, is on track to enhance financial resilience throughout economic cycles.

Authorised for release by: The Company Secretary.

About Sims Limited

Founded in Australia in 1917, Sims Limited is a global leader in metal recycling and the provision of circular solutions for technology. Employing over 4,600 employees globally, the company operates more than 160 facilities across 13 countries. Sims Limited plays a vital role in helping increase circularity and decarbonisation by supplying recycled materials and re-purposed products. 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). The Company's purpose, create a world without waste to preserve our planet, is what drives its constant innovation and leadership in the circular economy. For more information, visit www.simsltd.com.

Head Office: level 9, 189 O'Riordan Street, Mascot, NSW, Australia 2020

Contacts:

Investors

Ana Metelo
Director, Investor Relations and
Sustainability
ana.metelo@simsmm.com

Media

Stephanie Glue
Global Head of Corporate and Government
Affairs
stephanie.glue@simsmm.com