Creating Value Through Decarbonisation And Circular Economy

Disciplined Growth

Sims Lifecycle Services
15 September 2023

SIMS LIMITED

Ingrid Sinclair
President, Sims Lifecycle Services

SLS Global Footprint

Our subcontractor network facilitates a global footprint while remaining responsive locally

SLS Overview
Global Management

Ingrid Sinclair
President

SIMS LIFECYCLE SERVICES

Commercial Product Sales Marketing

Finance Sustainability Technology

Operations Security Engineering

Human Resources Learning & Development

Environmental Health & Safety

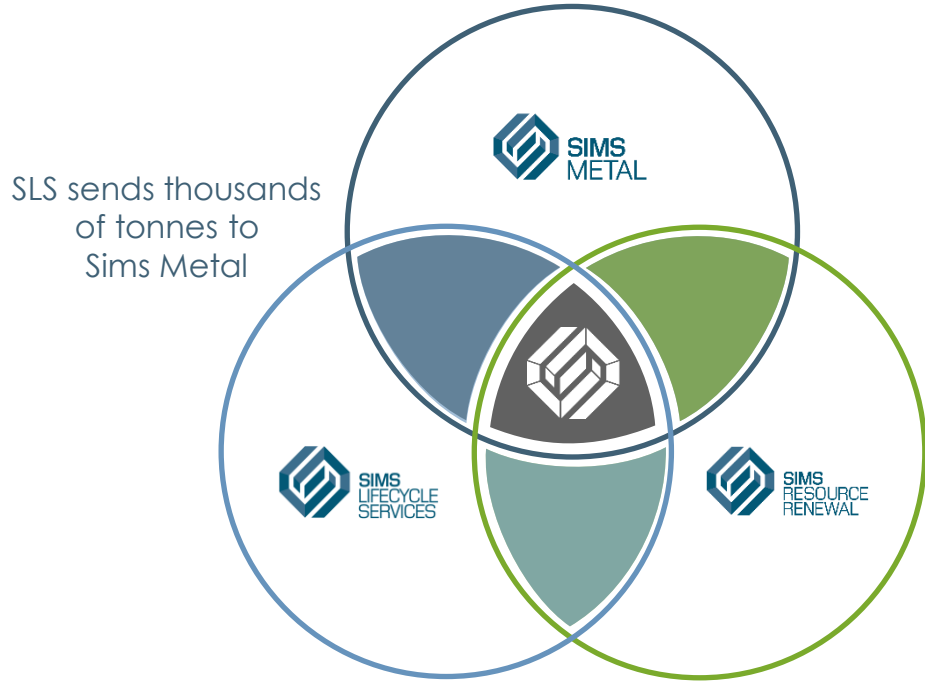All core **expertise in-house** within SLS

Functional and global **alignment**

Enhanced engineering and technology to **grow and scale profitably**

Built on **solid foundation to grow**

Linked to larger Sims Group

SLS sends thousands of tonnes to Sims Metal

SIMS METAL

SIMS LIFECYCLE SERVICES

SIMS RESOURCE RENEWAL

How Sims Limited benefits SLS

- Publicly traded
- Secure
- Compliant
- Audited
- Sustainable

SLS Growth Strategy

Global Leader in *Circular Cloud* Solutions

Global
Consistent
Compliant
Comprehensive
Sustainable

Circular
Reuse
Reengineer
Redeploy
Recycle

Cloud
Servers
Networking
Storage

7

SLS Market Headwinds and Tailwinds

Short term headwinds

- Extended data centre refresh rates - average shifted from 3 to 5 years
- Delayed data centre capex investment
- Low resale prices due to China lockdowns and slow recovery
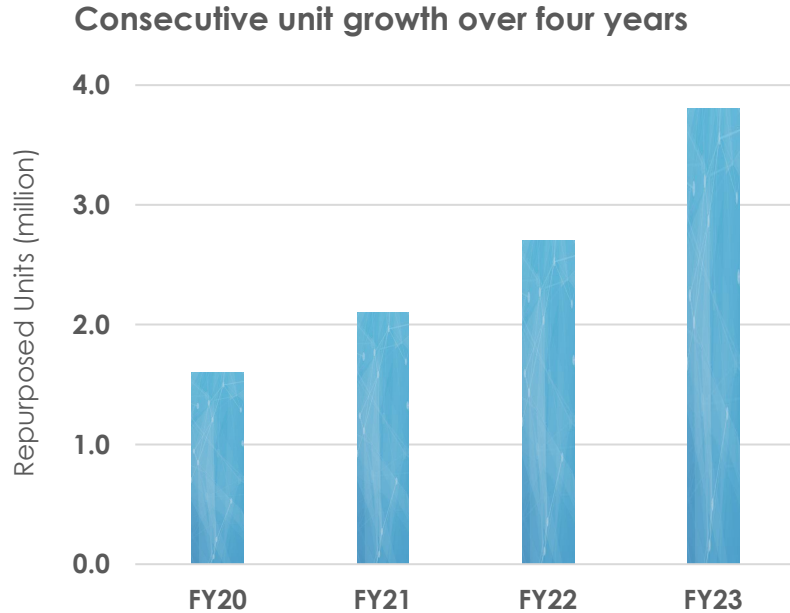
Medium term tailwinds

- Artificial Intelligence
  - Driving new market technology
  - Demand for processing power drives data centre expansion
  - Rebalancing of market refresh rates
- IT component supply balancing

Demonstrated Growth
Growing and expected to continue to grow

Consecutive unit growth over four years

Chart: Repurposed Units (million)

- FY20: ~1.6
- FY21: ~2.1
- FY22: ~2.7
- FY23: ~3.8

- FY25 target of 8.5 million repurposed units

Positioned for Growth

Diverse Client Portfolio

- Co-locators
- Hyperscalers
- Enterprises
  (e.g. Global 100)

Organic Client Growth

- Growing cloud volumes and services
  (e.g. Artificial Intelligence)
- Drive to modularity
- Emerging locations

New Services

- Vertically integrated services
- Optimising product value
- Sustainability

Each rack contains…

1,000 lbs steel

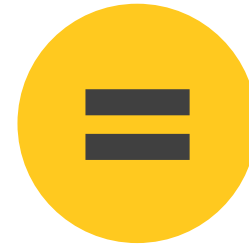Dual Inline Memory Module

Hard Drives

Central Processing Unit

Graphics Processing Unit

Equating Market Values
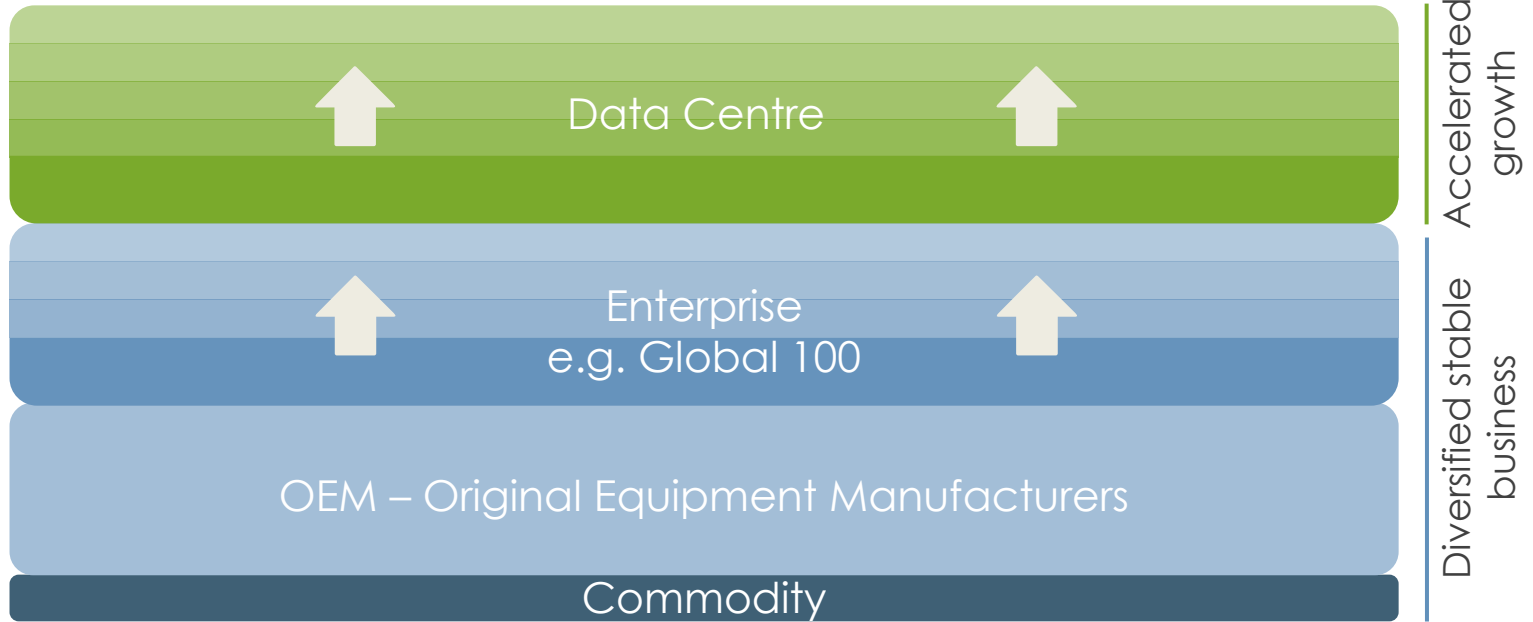

One tonne recycled ferrous

=
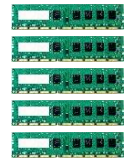
Five new DIMMs

SLS Markets

Revenue Streams

Data Centre

Enterprise
e.g. Global 100

OEM – Original Equipment Manufacturers

Commodity

Accelerated growth

Diversified stable business

SLS Market Position

Strong competitive advantages to deliver growth

Global long-term contracts with the majority of Hyperscalers and Enterprises

SIMS
LIFECYCLE
SERVICES

Global service

Full-service circular supply chain

Scalable solutions

Enabling sustainability

Linked to the larger Sims Group
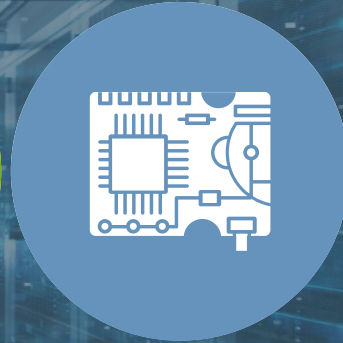
Full-Service Circular Supply Chain

Full-service provider for data centres, enterprises and manufacturers on a global scale
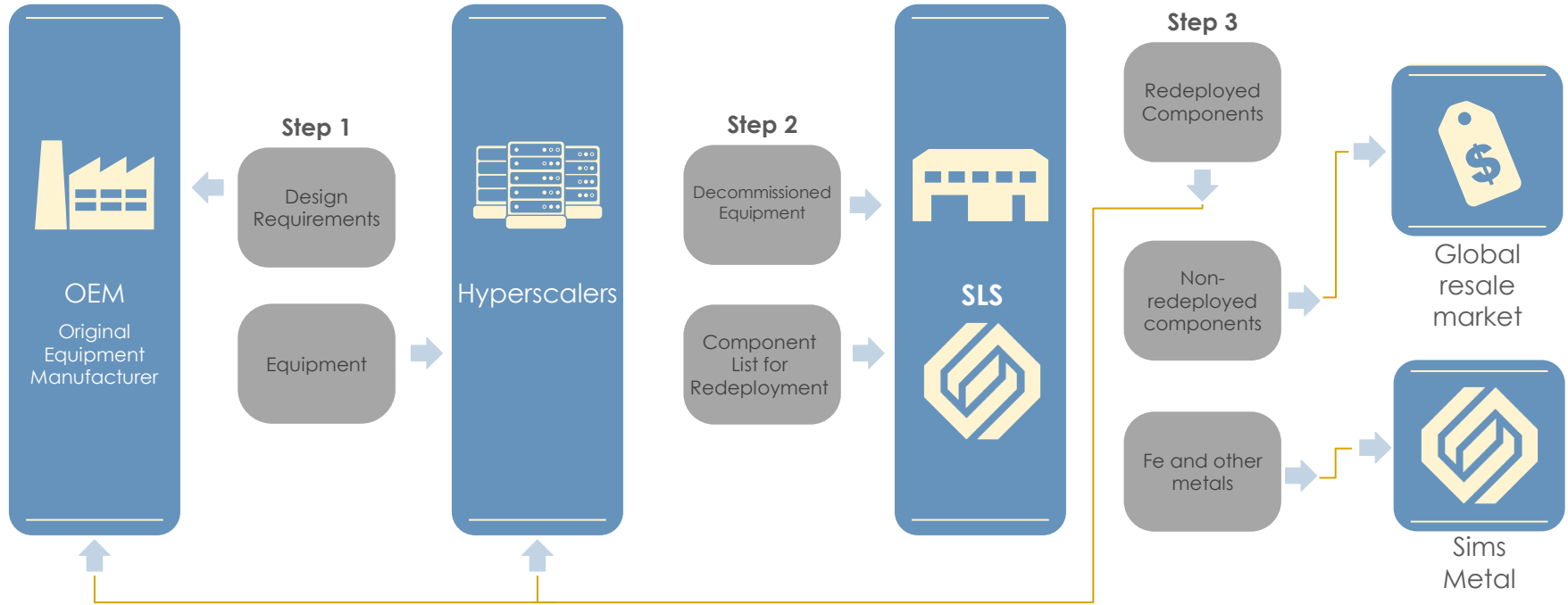
Reuse
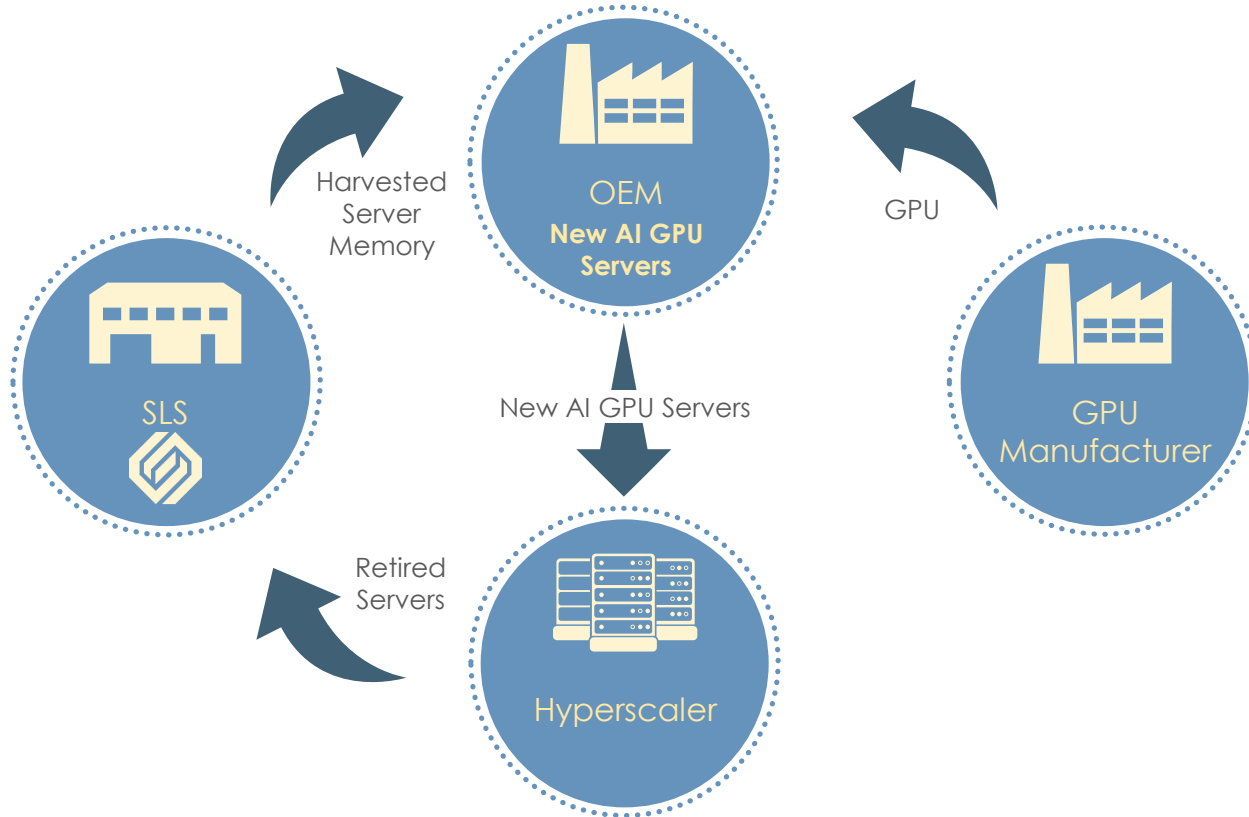
Redeploy

Reengineer

Data Centre Market Flow

Enabling Circularity in Artificial Intelligence

OEM
New AI GPU Servers

GPU Manufacturer

SLS

Hyperscaler

Harvested Server Memory
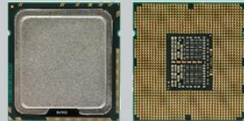
GPU

New AI GPU Servers

Retired Servers

CPU vs. GPU

CPU (Central Processing Unit)

Generalist component handles main processing functions of a computer

Fewer parallel

GPU (Graphics Processing Unit)

Specialised component handles graphic and video rendering

Massively parallel

Originally designed for graphics but ideal for machine learning and AI

AI and GPUs Continue Data Centre Growth

"Spending in the global AI infrastructure market—including data centers…is expected to reach $422.55 billion by 2029, growing at a compound annual rate of 44% over the next six years…"

Wall Street Journal, August 3, 2023

"[In the US,] the future power consumption related to AI deployments could increase from approximately 1GW in 2023 to 7GW by 2026."

Schroders, July 3, 2023

On-site Services
Integrating SLS with the Client

Increases stickiness with client
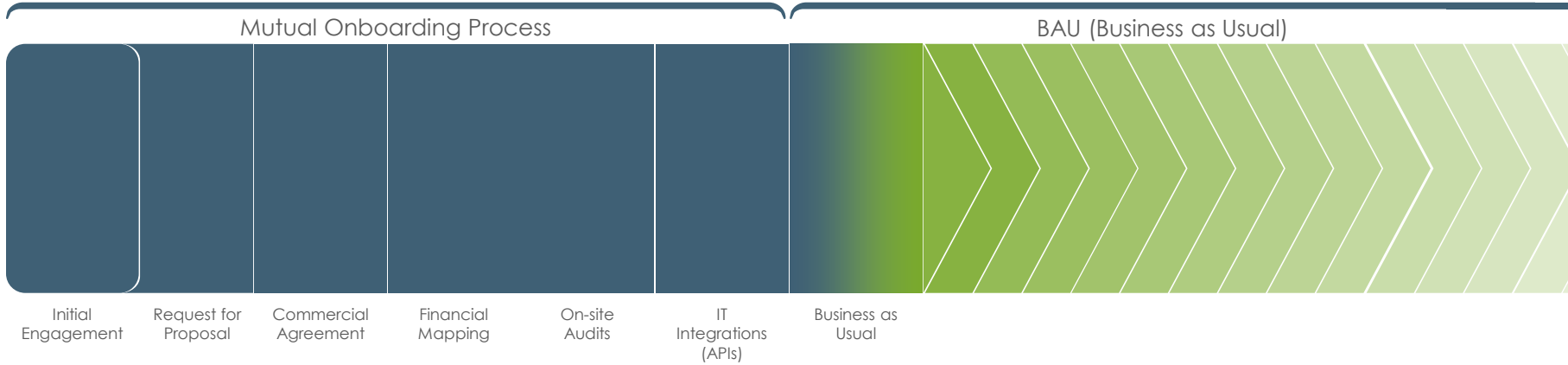
Long Term Client Partnerships

Mutual Onboarding Process

BAU (Business as Usual)

| Initial Engagement | Request for Proposal | Commercial Agreement | Financial Mapping | On-site Audits | IT Integrations (APIs) | Business as Usual |

The process takes between six months and two years depending on number of programmes and complexity.

Top **5** clients have been with SLS for **9 + years**

OCP – Open Compute Project

Data centre hardware design for modularity and reuse

OPEN
Compute Project ®

Five core tenets

- Efficiency
- Scalability
- Impact
- Openness
- Sustainability

Drivers of Enterprise (Global 100)

Inbound

Laptop refresh rate

Drives:
- Inbound volumes
- Quality and age of materials

SLS Processes Material

SLS will:
- Check-in
- Audit
- Refurbish (wipe data)
- Sell into secondary market (wholesale or e-commerce)

Note: If laptop is very old or damaged it will be recycled.

Outbound

Factors:
- Consumer sentiment
- Demand / Supply
- OEMs supply (link primary and secondary sales market)
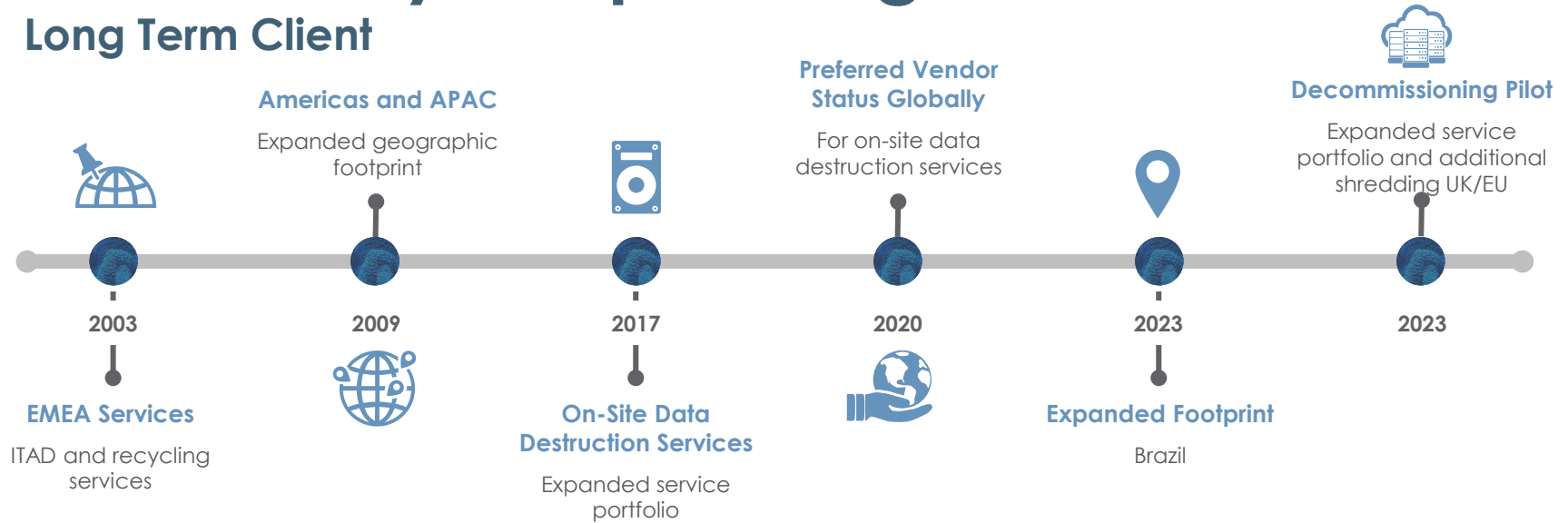
Drives:
- Resale prices

Case Studies

Hyperscaler Case Study – OCP Hardware
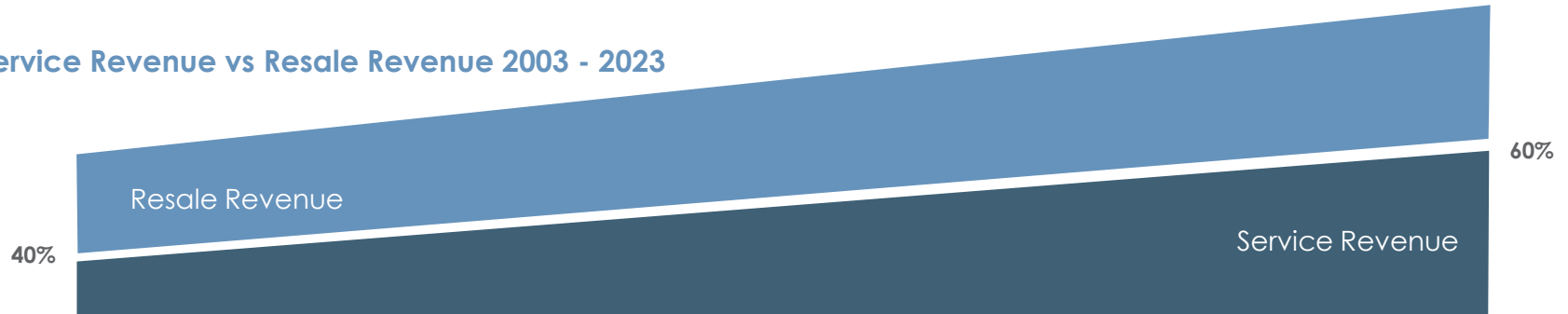
Rapid Expansion & Proven Track Record

Jan 2020	March 2020	2020	April 2021	Dec 2021	2022	2023	2024
	Phase 1 on-site	W. Chicago	Heil Quaker (redeployment project)	Data Centre RFP	Phase 2 on-site	Phase 3 on-site	Heil Quaker – new services
Security audit		Trial run				SOC 1 Type 1	Retooling of HQ

Case Study - Expanding Services

Long Term Client

Americas and APAC

Expanded geographic footprint

Preferred Vendor Status Globally

For on-site data destruction services

Decommissioning Pilot

Expanded service portfolio and additional shredding UK/EU

2003   **2009**   **2017**   **2020**   **2023**   **2023**

EMEA Services

ITAD and recycling services

On-Site Data Destruction Services

Expanded service portfolio

Expanded Footprint

Brazil

Service Revenue vs Resale Revenue 2003 - 2023

Resale Revenue

Service Revenue

40%

60%

SLS Scalability

Growth through scalable delivery

Optimisation

- Process standardisation to provide baseline for efficiency gains
- Efficiencies released through removing waste

Quality Led Execution

- Deep understanding on stakeholder requirements
- Focused on metric driven performance
- Change managed through an agile and disciplined approach

Scale

Innovation

- Generating solutions that allow growth to be sustainable
- Collaboration with industry-leading partners

Technology Portfolio

Drives efficiencies, service differentiation and scalability

Efficiency

Reduce the **unit processing cost** and time to drive optimisation and scale

Growth

Offering expanded services and **generating new revenue streams**

Differentiation

Differentiated solutions that attract clients through quality execution – **differentiating our service offering**

Enabling Innovation

Investing in the infrastructure to **drive future improvements**

Disciplined Approach to Investment

Identification

- Complete assessment of current processes
- Define objectives & goals of each improvement
- Prioritsation of initiatives

Automation selection

Capital planning & financial modelling

MVP

- Deployment & implementation
- Test & refine

Scale, optimise & measure

Continuous improvement & quality led operating model
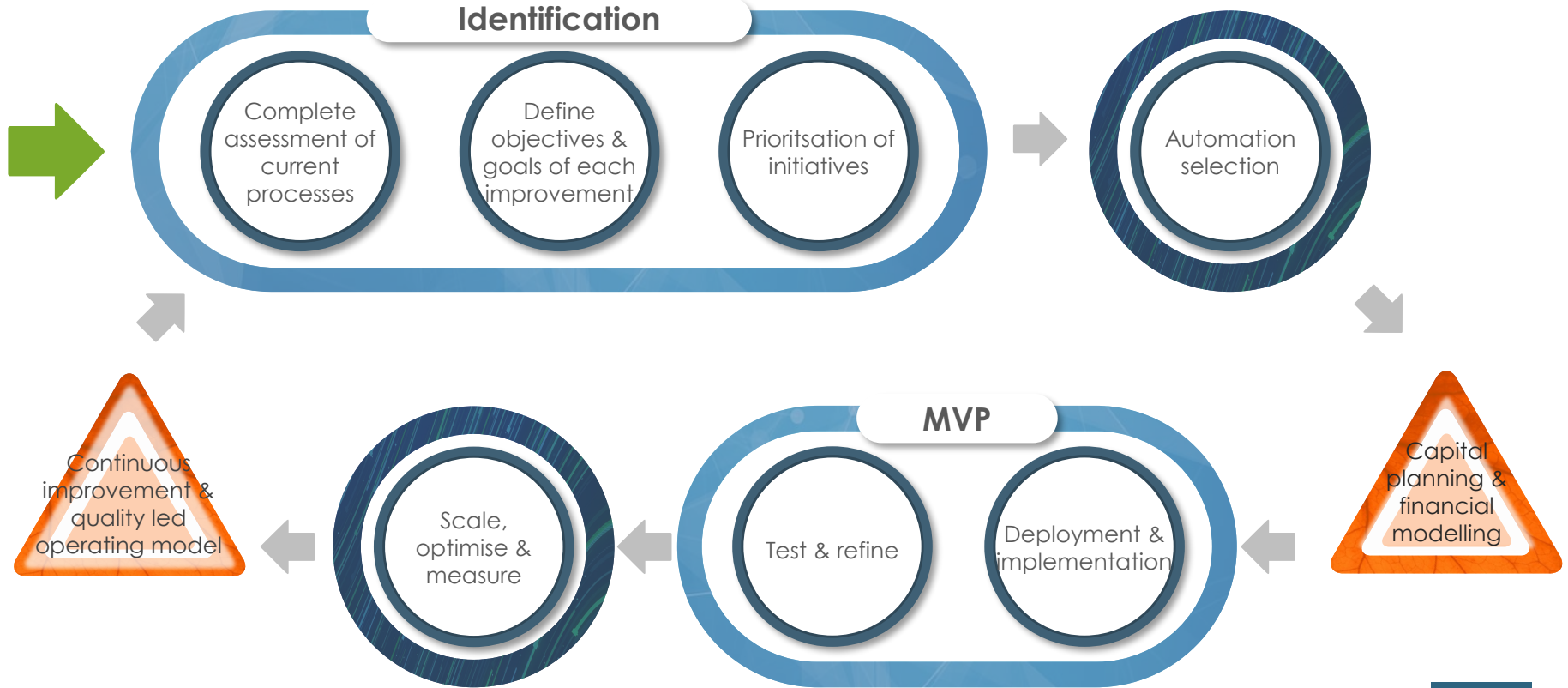
Applying Leading Technology

Disciplined approach has driven SLS to focus on primary areas of tasks
which will drive scale and/or improve quality
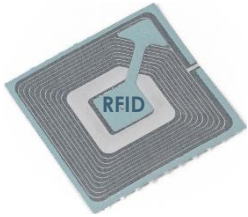
RFID

Machine
Learning

Autonomous
Mobile Robots

Robotics

Implementation of these technologies is applicable
to 40% of FY23 repurposed units

Effective Capital Management

Continue to be a 'capital light' business

Opportunity to utilise 'Automation as a Service'

Capital requirements remain light as we scale

FY24 run rate remains consistent at $10-15 million

A service model approach reduces Total Cost of Ownership

Costs are incurred as OPEX vs CAPEX

Incremental capex may be required for new margin e.g. new locations
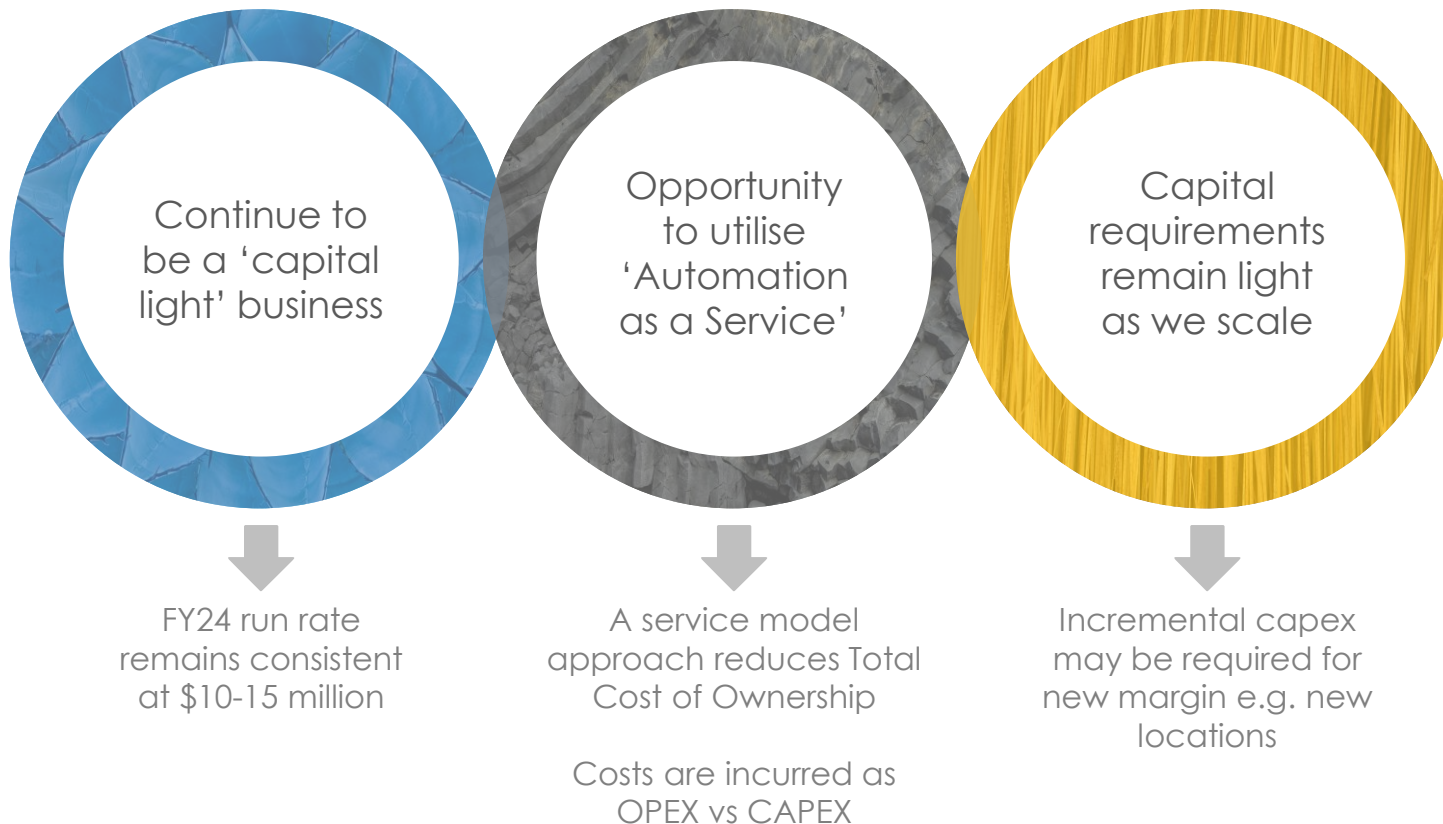
Sustainability

ESG Ranks High on our Clients' Priorities

More than 90% of our Clients Have Mature ESG Programmes[1]

Net Zero Ambitions

78% with **net zero commitment**

85% with **100% renewable electricity target** by 2025

Zero Waste

One third have a **zero waste commitment**

External Reporting

60% affected directly by the CSRD[2]

90% follow 3+ **sustainability reporting frameworks**

Supply Chain

90% with **responsible business programmes**

More than **50%** expect **ambitious supplier targets**

IT Equipment Consumes Substantial Energy
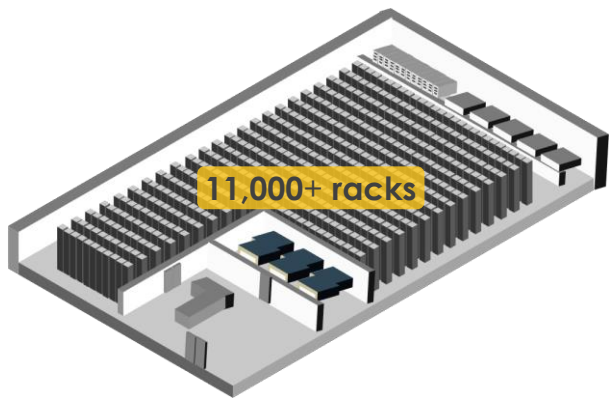
11,000+ racks

44,000 – 100,000+ racks

300,000 sq. ft.

Average building size

30,000 m² = 4 soccer fields
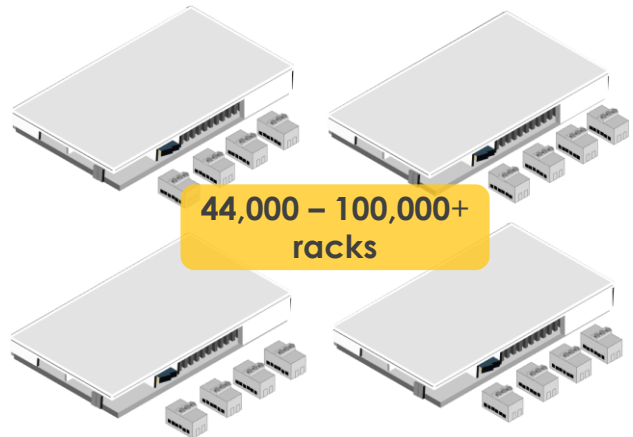
Up to 3,000,000 sq. ft.

4 to 10 buildings per campus

91% of data center energy is consumed by IT equipment[1]

Hyperscaler Emissions Linked to DC Growth

Scope 3 Emissions (million tonnes) — Emission from Capital Goods Purchases:
- 2019: 8
- 2020: 11
- 2021: 15
- 2022: 13

Data Centre Footprint Growth '000 Sq ft — Yearly Data Centre Footprint Growth (RHS)
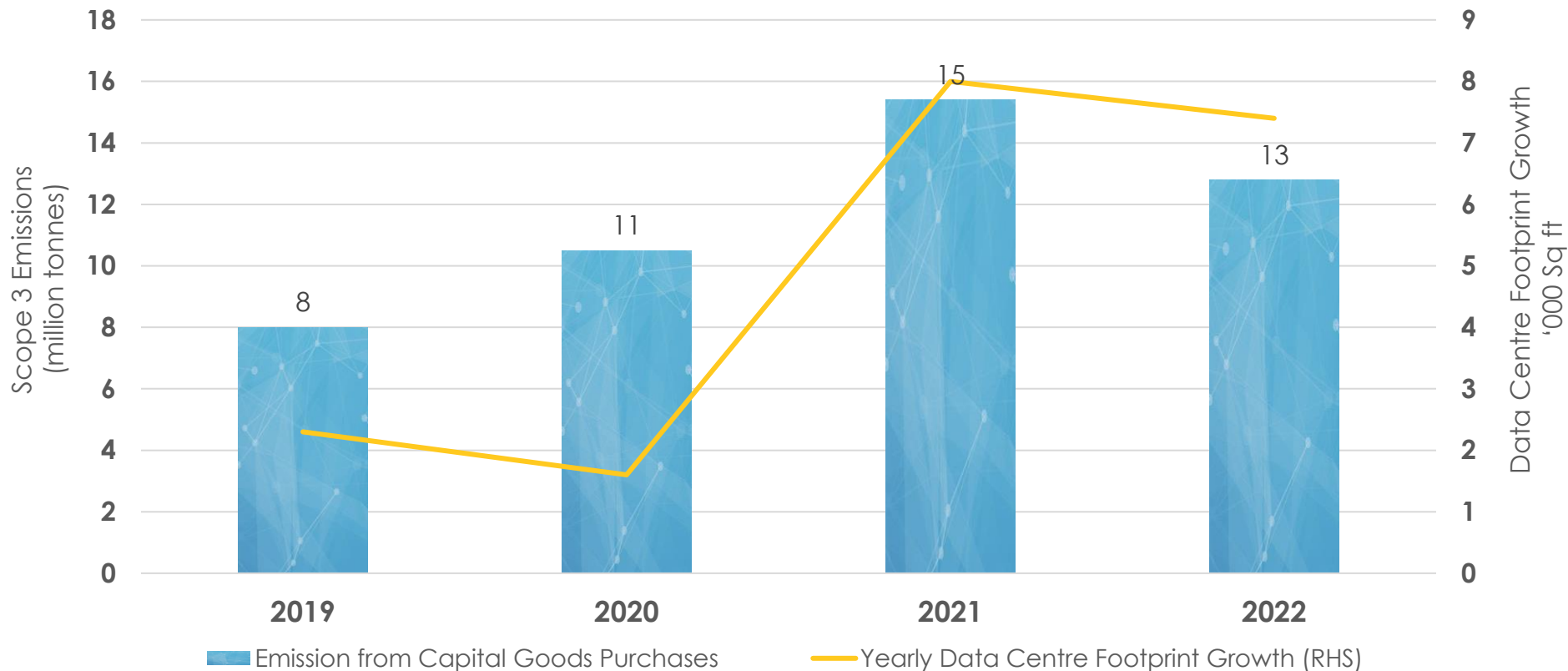
We Focus on Redeployment

Redeployment substantially reduces client emissions

DIMM manufacturer

In use typically
for 3 – 5 years

Server
decommissioning

Harvested, re-tested,
re-programmed DIMM
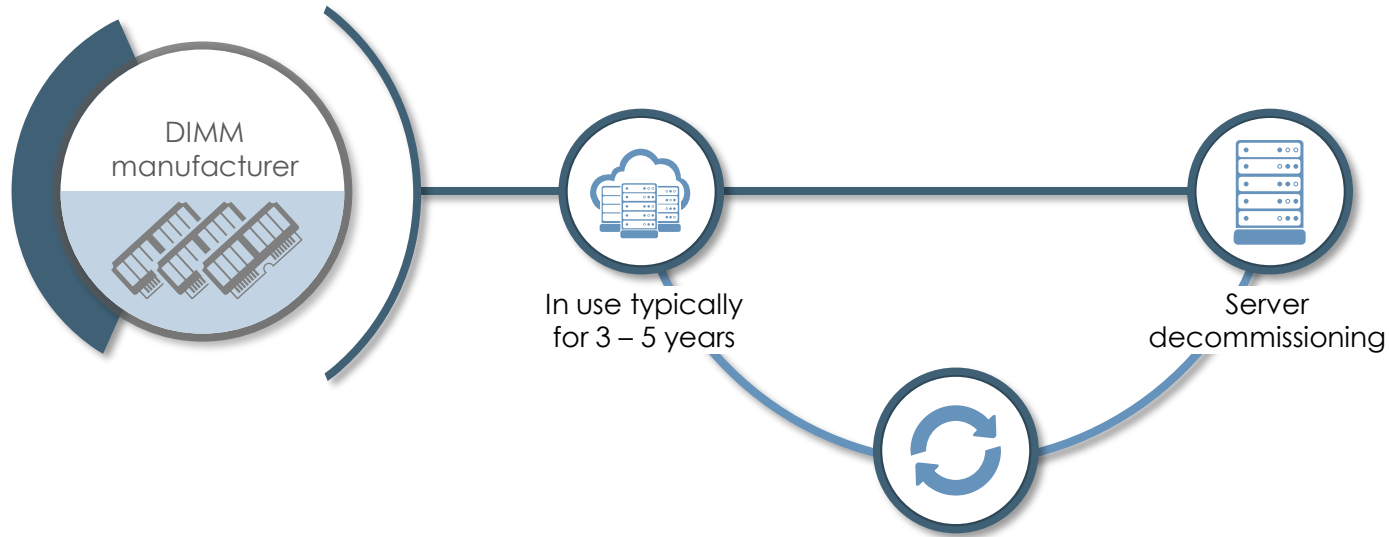
Environmental benefit

Redeploying one DIMM **reduces emissions by 50.4%, avoiding 30 kg CO$_2$e** per unit.[1]

Financial benefit

Extension of initial equipment investment provides financial saving

1. Assumes DIMM is redeployed for another 5 year cycle.

SLS in the Carbon Value Chain

	Raw Materials	Use Phase	SLS
	DC hardware manufacturing	**Cloud Operations**	**Hardware Circularity**
Server Manufacturer	Scope 1 & 2	Scope 3 Downstream	Scope 3 Downstream
Hyperscaler	Scope 3 Upstream	Scope 1 & 2	Scope 3 Downstream
Enterprise Cloud Client	Scope 3 Upstream	Scope 3 Upstream	Scope 3 Upstream
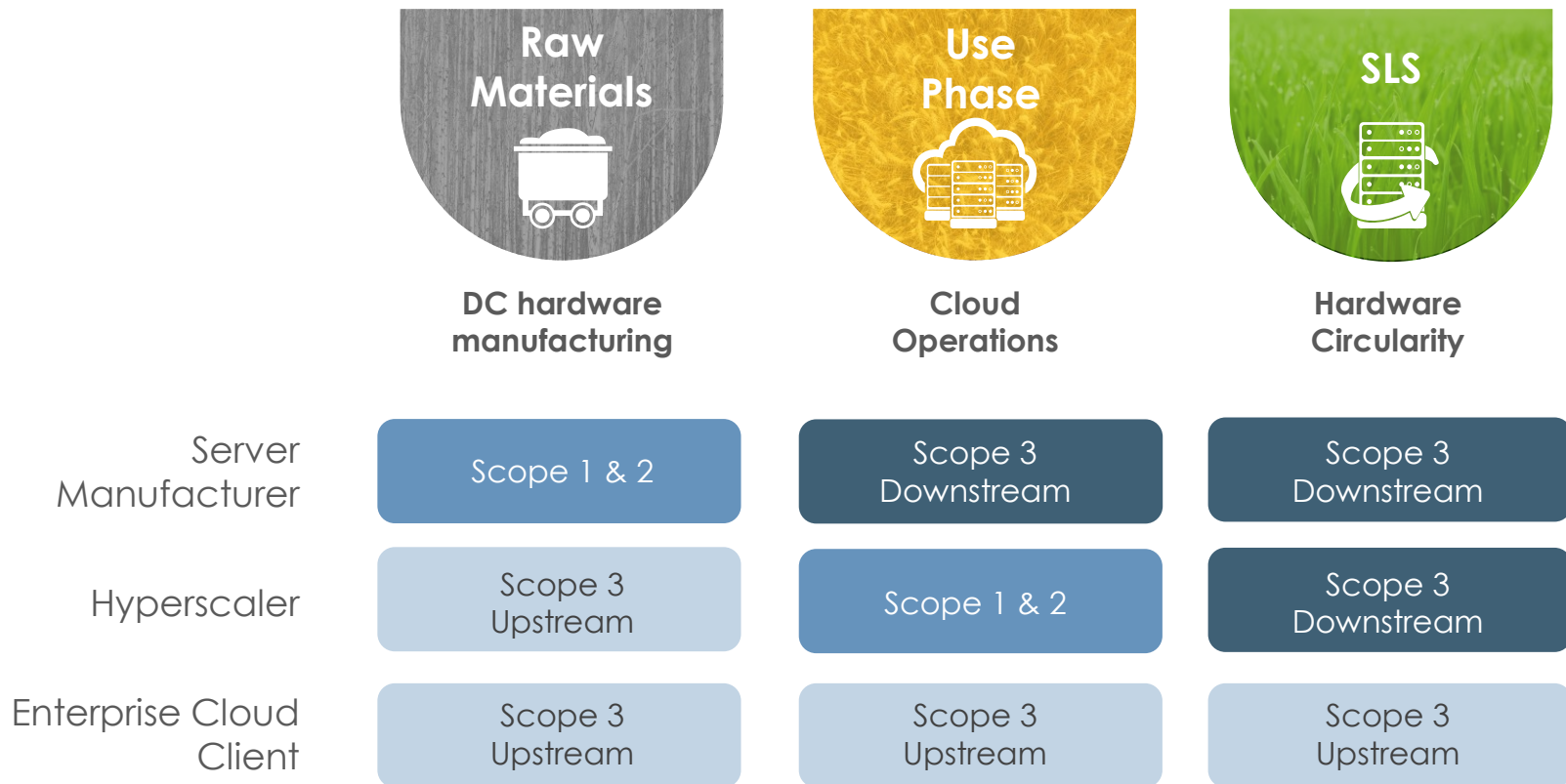
The Impact SLS Delivers[1]

FY23 Actual

3.8 million repurposed

13.0 million kg diverted from landfill[2]

0.8 million tonnes CO_2e avoided[2]

Potential A$38m avoided carbon offset costs[3]

8.5 million repurposed

30.0 million kg diverted from landfill[2]

1.7 million tonnes CO_2e avoided[2]

Potential A$85m avoided carbon offset costs[3]

Target

1. Refer to slides 45 & 46 for other key impacts SLS Delivers.
2. Through responsible recycling, reuse, redeployment.
3. Assumes A$50 carbon offset price.

Enabling Clients to Achieve ESG Strategy

Clients driven by

Transition to net zero leadership

Supplier collaboration

Ambitious reporting

How SLS supports clients

- Services with maximised reuse and material recovery

- Low-emissions service

- Ambitious and aligned ESG targets

- Partner projects addressing industry challenges

- Strategic site locations

- Industry engagement growing circular ITAD

- Impact reporting: avoided emissions

- Standardised and auditable data

- Easily accessible and customisable reporting

Create a world without waste to preserve our planet

SIMS
LIFECYCLE
SERVICES

Questions & Answers

Site Tour

Safety Briefing

- Personal Protective Equipment required – safety glasses, vest, closed-toed shoes, long trousers.
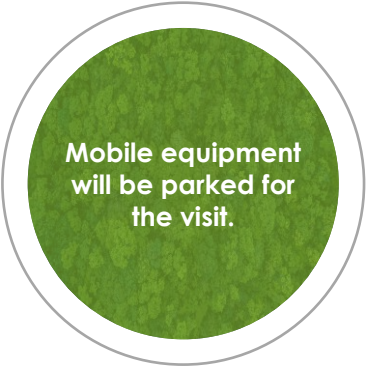- Access to the site will be via the walkway.
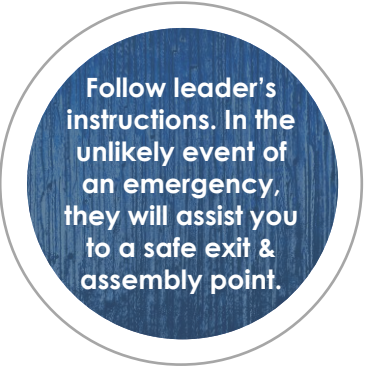- This is a fully controlled manufacturing grade facility. Please do not touch work tables or equipment.
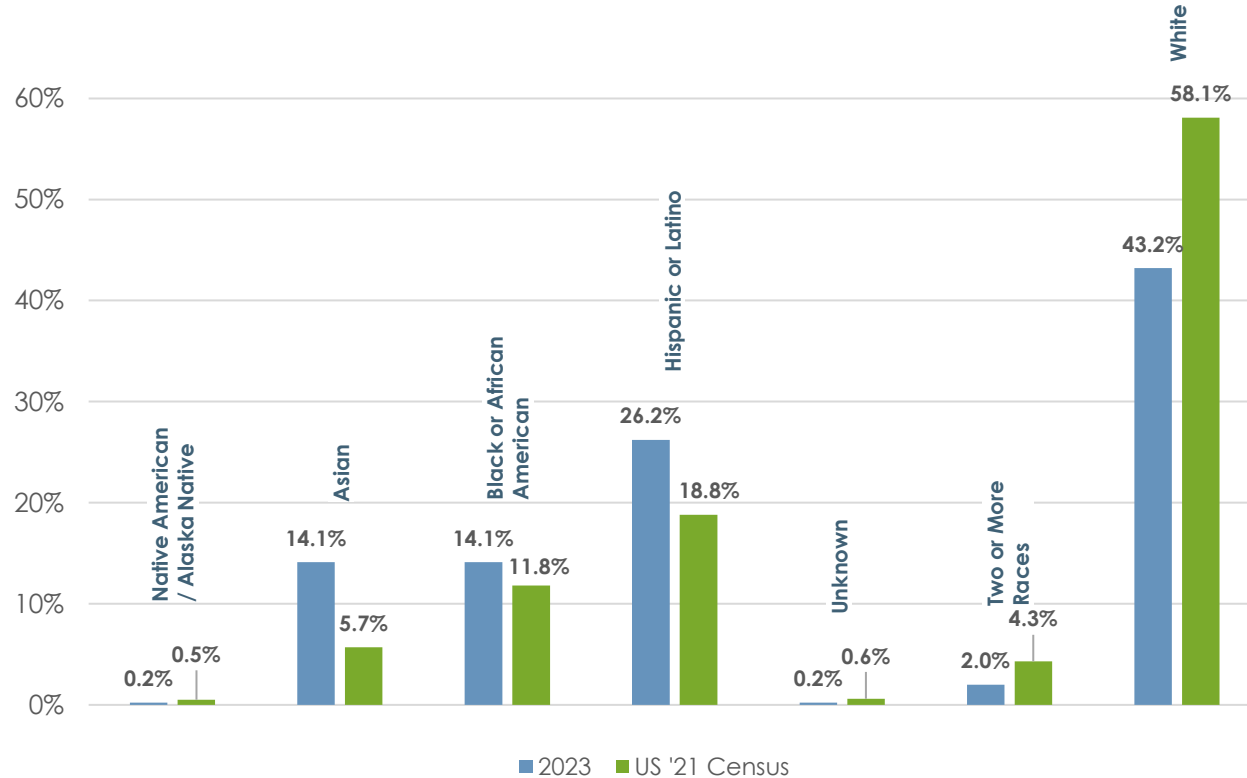- Mobile equipment will be parked for the visit.
- Follow leader's instructions. In the unlikely event of an emergency, they will assist you to a safe exit & assembly point.
- Electronic devices to be securely stored before entering the floor.

SLS Impact - Diverse Workforce

Chart showing 2023 vs US '21 Census percentages by race/ethnicity:

- Native American / Alaska Native: 2023 — 0.2%, US '21 Census — 0.5%
- Asian: 2023 — 14.1%, US '21 Census — 5.7%
- Black or African American: 2023 — 14.1%, US '21 Census — 11.8%
- Hispanic or Latino: 2023 — 26.2%, US '21 Census — 18.8%
- Unknown: 2023 — 0.2%, US '21 Census — 0.6%
- Two or More Races: 2023 — 2.0%, US '21 Census — 4.3%
- White: 2023 — 43.2%, US '21 Census — 58.1%

Legend: ■ 2023 ■ US '21 Census

Diversity

- 35% Women in leadership[1]
- 39% Women in our workforce
- Maintaining a diverse workforce – see graph[2]
- Investing in our leaders:
  - Leadership development training
  - SLS graduate trainee programme

1. Manager and above – 7.5 percentage point increase since FY20.
2. Chart excludes Native Hawaiian or Other Pacific Islanders (= 0 for FY23).

SLS Impact – Sustainable Operations

Globally positioned

- 20 strategically located Circular Centres
- Over 90 audited subcontractor locations
- Servicing over 110 countries

Environment

- 95%+ of Circular Centre electricity in MWh in '23 is from renewable sources[1]
- Renewable electricity generated in country of use
- Leading SLS sustainability calculator
- EPA SmartWay Partner

Responsible Value Chain Partner

- Shaping the industry future together with our clients: CEP, OCP
- Externally recognised for sustainability ambitions and achievements
- First responsible business audit completed

1. Related to current electricity contracts and renewable electricity coverage at time of presentation.

Latest Credentials

Recognition for our ESG performance

Corporate Knights

Ranked 14th of Global 100 most sustainable companies for the 9th time

CLEAN200™

Clean200 global list of publicly traded companies

FTSE4Good

Debuted on FTSE4Good index

TERRA CARTA

Terra Carta Seal for creation of sustainable markets

Newsweek

Annual Newsweek list of America's most responsible companies

CDP DRIVING SUSTAINABLE ECONOMIES

Improved to 'A-' grade in 2022

MSCI ESG RATINGS AAA
| CCC | B | BB | BBB | A | AA | AAA |

Received maximum AAA rating

ACSI

ACSI assessed Sims Ltd as a 'Leader' in ESG reporting

SUSTAINALYTICS

19.1 (low risk)

ecovadis

Silver level status in corporate social responsibility assessment