

29 August 2023

# ASX Announcement

## Shine Justice Ltd (SHJ) 2023 Annual Report

Attached for immediate release to the market is Shine Justice Ltd's 2023 Annual Report.

Authorised for release by the Board.



Annette O'Hara  
Company Secretary | General Counsel  
aohara@shine.com.au

Shine Justice

### For more information

Simon Morrison, Managing Director - Shine Justice Limited 07 3837 9435

Ravin Raj, Chief Financial Officer - Shine Justice Limited 07 3837 8449

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# 20 ANNUAL REPORT 23



## Acknowledgement of country

Shine Justice acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

We pay our respects to Aboriginal and Torres Strait Islander cultures and to Elders past, present and emerging.





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## **Our purpose**

Shine a light on injustice and  
make the world a better place,  
one client at a time.

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# 2023





## Our values

### Always stand up for the little guy

- We stand up for the underdog, giving a voice to those who would otherwise be unheard.
- We are tenacious and never, ever give up.
- We pride ourselves on not shying away from the tough cases.

### Dare to be different

- We are not your typical law firm, we follow our own path.
- We believe the impossible can be achieved.
- We challenge the status quo in our pursuit of justice for our clients.

### Ahead of the pack

- We look to the future for tomorrow's opportunities.
- We pioneer new ways.
- We are leaders rather than followers.



# 54

branches across Australia and New Zealand



# 47

years of standing up for everyday peoples' rights



# 5,000+

client matters and six class actions resolved in FY23



# 1,094

team members



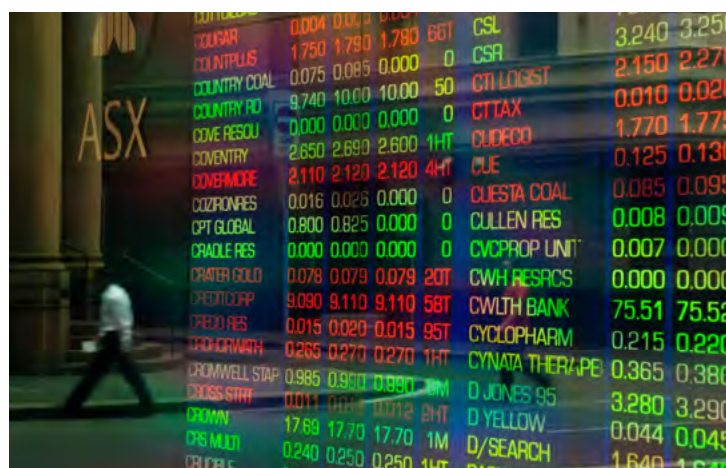
# \$1,370m+

in damages for our clients in FY23



# 10

years listed on the ASX





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## FY23 in review

|                                                                                                      | FY23      | FY22      | Variance % |
|------------------------------------------------------------------------------------------------------|-----------|-----------|------------|
| Total Revenue                                                                                        | \$231.64m | \$215.13m | ↑ 7.67%    |
| Earnings Before Interest and Tax (EBIT) <sup>1</sup>                                                 | \$13.05m  | \$50.05m  | ↓ 73.93%   |
| Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA) <sup>2</sup> | \$61.61m  | \$63.09m  | ↓ 2.35%    |
| Net Profit After Tax                                                                                 | \$3.31m   | \$31.21m  | ↓ 89.39%   |
| Net Profit Before Tax                                                                                | \$5.97m   | \$45.04m  | ↓ 86.75%   |
| GOCF <sup>3</sup>                                                                                    | -\$3.91m  | \$36.57m  | ↓ 110.69%  |
| Final Dividend (cents per Share)                                                                     | 0.00      | 3.50      | ↓ 100.00%  |
| Interim Dividend (cents per Share)                                                                   | 1.50      | 2.50      | ↓ 40.00%   |
| Total Dividend (cents per Share)                                                                     | 1.50      | 6.00      | ↓ 75.00%   |
| Earnings Per Share (EPS - cents)                                                                     | 1.92      | 18.02     | ↓ 89.35%   |

<sup>1</sup> EBIT is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.

<sup>2</sup> EBITDA is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited. Adjusted EBITDA is adjusted to exclude the impact of the \$32.4 million fair value adjustment to Unbilled Disbursements (Ethicon Mesh Class Actions interest).

<sup>3</sup> GOCF means Gross Operating Cash Flow. GOCF is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.



## Letter from the Chairman and the Managing Director & CEO

Dear Shareholders,

We present the Annual Report of Shine Justice Ltd for the financial year to 30 June 2023, a challenging year for the Group.

### Financial performance

Earnings before interest, tax, depreciation and amortisation (EBITDA, adjusted to exclude the impact of the fair value adjustment for interest in the Ethicon Mesh Class Actions described below) of \$61.6 million compares with \$63.1 million in the previous year, a decrease of 2.3 percent, rather than the increase in the order of a low double digit percentage we had anticipated throughout the year.

Net profit after tax (NPAT) of \$3.3 million compares with \$31.2 million previously, reflecting the reduced carrying value of our Unbilled Disbursement Asset by \$32.4 million as described below. Gross operating cash flow (GOCF) of -\$3.9 million is a disappointing result which largely reflects delays in the resolution of cases and court approvals of class action settlements achieved during the year, notably the Ethicon Mesh Class Actions and the Boston Scientific class action. We expect our fees in those matters will be considered for approval in the first half of FY24. In addition, the GOCF result reflects the receipt of \$15.6 million of professional fees in the Ethicon Mesh Class Actions which was then paid to the disbursement funder.



Our second 'think tank' forum

Our senior lawyers and leaders gathered for the inaugural Inspire Justice Legal Symposium



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## Ethicon Mesh Class Actions

During the year we settled the historic Ethicon Mesh Class Actions against Johnson & Johnson after more than a decade litigating on behalf of up to 12,000 Australian women left with life altering complications from faulty prolapse mesh and tape implants, one of Australia's largest product liability class actions. The actions exemplify our courage and determination to stand up for those who have been wronged, against even the most formidable and well-resourced defendants.

The \$300 million settlement was approved by the Federal Court of Australia in March 2023, subject to the later determination of orders with respect to the distribution of the settlement fund. The settlement was the culmination of our relentless persistence to achieve resolution on behalf of our clients at trial and through every avenue of appeal.

The class actions were conducted on a 'no win no fee' basis, meaning that we would not recover professional fees or disbursements necessarily payable to third parties (including medical experts and barristers) unless the actions were successfully resolved. From the commencement of the Ethicon Mesh Class Actions and for several years, we bore all the costs of the actions, including disbursements. As the class actions

proceeded through a long trial and subsequent appeals and the disbursements increased, it became necessary to obtain external disbursement funding.

On 3 August 2023, the Court dismissed our application to recover the full amount of the interest on the disbursement funding facility from the settlement fund, without dismissing the opportunity to make another application in relation to the same subject matter.

Given the unfavourable judgment, consideration has been given to the carrying value of the Unbilled Disbursement Asset at 30 June 2023 and as a consequence, the fair value of the asset has been reduced by the judgment amount (\$32.4 million). Shine will prepare further submissions over the course of FY24 in relation to the recovery of an alternate amount of interest.

## Prudent decision to maintain cash and declare no dividend

After careful consideration and in the interests of prudent cash management, the Directors have determined not to declare a final dividend for FY23, but expect to be in a position to again declare dividends in FY24 in accordance with our stated dividend policy, subject to the expected improved cash position.



Our lawyers admitted to practice



Perth team members participating in a sandwich making session to support former charity partner Eat Up



A record crowd attended the Emerging Trends in Class Actions Litigation seminar co-hosted by Shine Lawyers and the Commercial Law Association of Australia



Our new charity partner, the Good Box



## Milestone achievements

While we faced the challenges described above, we also achieved a number of significant milestones in FY23.

During the year, we celebrated the tenth anniversary of the Company's listing on the ASX. Significant growth has been achieved during the past decade when our team has grown from 615 to more than 1,000, our revenue increased from \$105 million to \$232 million and our footprint expanded from 35 to 54 branches. We acknowledge the hard work that achieved these accomplishments and we also congratulate team members for many significant anniversaries of up to 35 years with the Group.

During the year the Group resolved more than 5,000 cases and six class actions for our clients, securing damages in excess of \$1,370 million.

We expanded with new offices in Melton and Pakenham in Victoria and relocated other branches to improve accessibility, visibility and functionality. We also welcomed new recruits from the United Kingdom following a successful recruitment program there.

In addition to settling the Ethicon Mesh Class Actions, we achieved several other significant class action settlements during FY23, including:

- \$105 million in a further action against pelvic mesh manufacturer Boston Scientific;
- \$50 million in an historic action against the Commonwealth of Australia for family members and deceased estates of the Northern Territory Stolen Generations;
- \$22 million in the historic action against the Commonwealth of Australia Department of Defence for losses to property value and use and enjoyment of land and cultural loss due to exposure to firefighting foam around Wreck Bay in the Jervis Bay; and
- \$123 million in an action against the Department of Defence for business and property losses due to exposure to firefighting chemicals in Bullsbrook (Western Australia), Richmond and Wagga Wagga (New South Wales), Wodonga/Bandiana (Victoria), Edinburgh (South Australia), Darwin (Northern Territory) and Townsville (Queensland) (Multi-site Contamination Class Action).

**“ During the year the Group resolved more than 5,000 cases and six class actions for our clients, securing damages in excess of \$1,370 million. ”**

# A place for you



We were pleased to receive approval from the Federal Court on Friday 25 August 2023 for the Multi-site Contamination Class Action settlement. This paves the way for Shine Lawyers to administer the settlement fund expeditiously to get compensation into the hands of group members. The Court also approved paying out the applicants' legal costs incurred in the class action from the settlement sum, including approximately \$8.45 million in fees carried by Shine Lawyers on a no win, no fee basis. We expect that the settlement administration will be finalised within FY24.

We also filed a number of significant new actions during the year, including:

- on behalf of passengers who suffered from norovirus outbreaks on a series of Sun Princess cruises;
- on behalf of shareholders against Star Entertainment Group for allegedly being engaged in misleading and deceptive conduct; and
- against Anglicare's Newmarch House for deaths that occurred in the aged care facility due to alleged negligence during the coronavirus outbreak in 2020 on behalf of 25 people whose loved ones died at the facility.

## FY24 Outlook

Despite disappointing results in FY23, Shine Justice's underlying business, including as a leading personal injuries and class actions practice, remains strong, with a committed and talented team and the right strategy to deliver improved results and grow earnings in new

and existing markets. We are expecting EBITDA growth in FY24 over FY23 Adjusted EBITDA. Our pipeline of cases is strong. We are targeting to achieve a significant improvement in cash generation as major cases are concluded and as we implement continual improvements in our systems and processes for case execution and cash collection and reduce costs for growth and efficiency.

## Conclusion

Our leadership team embeds a culture that respects our 47 year history, embraces our values and inspires high performance. We are grateful to our talented team members for their dedication during the past year.

We would like to take this opportunity to thank our fellow Directors for their valuable contribution to the Group. We continue to benefit from the skills and experience consistently provided by our dedicated Board.

With a strong leadership team and the dedication of our highly engaged people, we are confident that Shine is well placed for future success.

Thank you for your ongoing support.



**Graham Bradley AM**  
Chairman



**Simon Morrison**  
Managing Director & CEO

29 August 2023



Our UK recruitment team



Mal Byrne receives the prestigious Australian Lawyers Alliance National Civil Justice Award 2022



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BestWilsonBuckley  
FAMILY LAW

*B*  
BRADLEY BAYLY LEGAL

DIVORCE & FAMILY  
CARR & CO  
EXPERT LAWYERS

Claimify.

 **Sciaccas**  
LAWYERS

 **SHINE LAWYERS**  
RIGHT WRONG.

 **STEPHEN BROWNE**  
PERSONAL INJURY LAWYERS



## Directors' Report

Your Directors present their report for the Financial Year ended 30 June 2023.

The Directors during the Financial Year were:

| Director          | Position                                       | Appointment                                      |
|-------------------|------------------------------------------------|--------------------------------------------------|
| Graham Bradley AM | Independent Chairman<br>Non-executive Director | 1 July 2020 to present<br>28 May 2020 to present |
| Teresa Dyson      | Non-executive Director                         | 28 February 2020 to present                      |
| David Bayes       | Non-executive Director                         | 28 February 2020 to present                      |
| Rod Douglas       | Non-executive Director                         | 11 December 2020 to present                      |
| Simon Morrison    | Managing Director & CEO                        | 13 March 2013 to present                         |

## Meetings of Board and Committees

The numbers of Board and Committee meetings held and the numbers attended by each Director during the Financial Year are listed below.

| Director                    | Board |          | Audit and Risk Management Committee |             | Nomination and Remuneration Committee |             |
|-----------------------------|-------|----------|-------------------------------------|-------------|---------------------------------------|-------------|
|                             | Held  | Attended | Held                                | Attended    | Held                                  | Attended    |
| Graham Bradley AM           | 7     | 7        | 4                                   | 4           | 3                                     | 3           |
| Teresa Dyson                | 7     | 7        | 4                                   | 4           | 3                                     | 3           |
| David Bayes                 | 7     | 7        | 4                                   | 4           | 3                                     | 3           |
| Rod Douglas                 | 7     | 7        | 4                                   | 4 (invitee) | 3                                     | 3 (invitee) |
| Simon Morrison <sup>1</sup> | 7     | 7        | 4                                   | 4 (invitee) | 3                                     | 3 (invitee) |

<sup>1</sup> Simon Morrison attends Committee meetings as an invitee but does not attend during any discussions about his remuneration or any other material personal interest.



## Board of Directors



### Graham Bradley AM

BA, LLB (Hons 1), LL.M (Harvard), FAICD

**Graham joined the Board in May 2020 as a Non-executive Director, was appointed Chairman of Directors on 1 July 2020.**

Graham is an experienced company director and chairman. He is currently Chairman of United Malt Group Limited, Virgin Australia International Holdings Pty Ltd, Infrastructure NSW, Waveconn Group Holdings Management Pty Limited and Lighthouse Industries Pty Limited and a Director of Tennis Australia.

Graham's previous roles include Managing Director of Perpetual Limited, National Managing Partner and CEO of Blake Dawson (now Ashurst), a senior role at McKinsey & Company, Chairman of Stockland Corporation Limited, Chairman of HSBC Australia Limited and Director of The Hong Kong & Shanghai Banking Corporation Limited, Chairman of EnergyAustralia Holdings Ltd and Volt Corporation Limited and its subsidiaries (including Volt Bank Limited), President of the Business Council of Australia and Deputy President of the Takeovers Panel.

In addition to his role as Chairman of the Board, Graham chairs the Nomination and Remuneration Committee and is a member of the Audit & Risk Management Committee.

**Other Australian listed company directorships held in the past three years:**

United Malt Group Limited (March 2020 – present).



### Teresa Dyson

BA, LLB (Hons), MTax, MAppFin, FAICD

**Teresa joined the Board as a Non-executive Director in February 2020.**

Teresa is an experienced company director, whose career has spanned both the public and private sectors. Teresa is an admitted lawyer and has previously been a partner at a global law firm and professional services firm.

Teresa is currently a Director and Chair of the Audit and Risk Committee of Seven West Media Limited, Director and Chair of the Audit & Risk Management Committee of Genex Power Limited, Director of Entyr Limited, Brighter Super (formerly LGIA Super), Energy Queensland, National Housing Finance and Investment Corporation, Gold Coast Hospital and Health Board and the Foundation for Alcohol Research and Education and a member of the Takeovers Panel. Teresa is a former Director of UN Women National Committee Australia Ltd and Opera Queensland, a former Chair of each of the Board of Taxation and the Business Law Section of the Law Council of Australia and a former member of the Foreign Investment Review Board.

Special responsibilities include Chair of the Audit & Risk Management Committee and member of the Nomination and Remuneration Committee.

**Other Australian listed company directorships held in the past three years:**

Seven West Media Limited (November 2017 – present), Genex Power Limited (May 2018 – present) and Entyr Limited (February 2023 – present).



### David Bayes

FAICD (Life)

**David joined the Board as a Non-executive Director in February 2020.**

David is a Director and former Chairman of Plarre Foods Pty Ltd (trading as Ferguson Plarre Bakehouses) and a Non-executive Director of Barker Trailers Pty Ltd. He has previously held a variety of board and executive positions, including Non-executive Director of Sigma Healthcare Limited, Chief Executive Officer of Choice Hotels Australasia, Chief Operating Officer of Mortgage Choice Limited, Chief Executive Officer and Director of Bakers Delight, Non-executive Director of Chiquita Brands South Pacific Ltd and North Western Healthcare Network and Vice President and Director of McDonald's Australia.

David is a former Director of the Australian Institute of Company Directors (AICD) and past President of the Victoria Council of the AICD.

David has over 40 years' experience in multi-outlet retail business.

Special responsibilities include membership of the Audit & Risk Management and the Nomination and Remuneration Committees.

**Other Australian listed company directorships held in the past three years:**

Sigma Healthcare Limited (June 2007 – May 2021).



**Rod Douglas**

MBA, FAICD

**Rod joined the Board as a Non-executive Director in December 2020.**

Rod is an experienced company director with a specialisation in working with owner led businesses over the last 30 years. He focuses strongly on culture, strategy and organisational value through a governance lens. Rod's broad experience covers property, financial services, professional services, agriculture, retail and marketing. He is Chairman of Plarre Foods Pty Ltd (trading as Ferguson Plarre Bakehouses), a director of a number of private companies, and chairs the advisory board for two significant family businesses.

Rod holds a Master of Business Administration from Bond University, is a Foundation Fellow of the Australian Institute of Company Directors and is a Vincent Fairfax Fellow in Ethical Leadership.

Rod has a standing invitation to attend meetings of the Audit & Risk Management and Nomination and Remuneration Committees.

**Other Australian listed company directorships held in the past three years:**

None other than Shine.



**Simon Morrison**

LLB

**Simon became the Managing Director of Shine in 2012, after joining Shine Lawyers in 1988 and becoming a partner of the firm in 1995. This year Simon celebrates 35 years at Shine.**

Simon is a former National President of the Australian Lawyers' Alliance (ALA), chaired the ALA's National Workers Compensation Special Interest Group and sits on the Board of Governors of the American Association of Justice. Simon has particular expertise in and is an acknowledged leader in workers' compensation and is a Queensland Law Society Accredited Specialist in personal injury law. He has given evidence at numerous government inquiries, has assisted in drafting legislation and has been a regular speaker at national and state conferences in this field.

Simon contributes skills and expertise to the Board including executive management of a listed company, strategy, industry experience, strategic marketing and policy, regulation and stakeholder management.

Simon is Shine's Managing Director & CEO. He has a standing invitation to attend meetings of the Audit & Risk Management and Nomination and Remuneration Committees, but does not participate in any discussions in relation to his own remuneration.

**Other Australian listed company directorships held in the past three years:**

None other than Shine.



## Management Team



### Chief Financial Officer Company Secretary

**Ravin Raj**

BCom, ACA, FFin, GAICD

Ravin joined the Group as Chief Financial Officer, with responsibility for the financial direction of the Group, in November 2016.

Ravin has extensive experience in the finance, professional services and construction industries, having commenced his career at accounting firm Touche Ross & Co before joining Watpac Limited, where he held the position of CFO for nearly two decades. Ravin is also experienced in acquisition due diligence and valuation, taxation and debt and equity financing.



### Chief Operating Officer

**Jodie Willey**

LLB (Hons)

Jodie has worked at Shine for over 28 years, holding senior leadership and national level roles, including Chief Executive Officer at the time of Shine Justice's listing on the ASX.

Jodie is an Accredited Specialist in personal injury law and is highly experienced in all areas of personal injuries law. She was appointed Chief Operating Officer in December 2019, leading shared services teams.

Prior to Jodie's appointment as Chief Operating Officer, she led the Innovation team which delivered our first innovation project in May 2019 – an online legal platform servicing small Queensland motor vehicle claims under separately branded law firm Claimify.



### Chief Legal Officer

**Lisa Flynn**

LLB (Hons 1), B Com (Hons 1)

Lisa joined Shine Lawyers as an articled clerk 23 years ago and now holds the position of Chief Legal Officer for the Group overseeing all legal teams across the business.

Lisa has a passion for and deep understanding of Shine's business, its clients and its people. Having gained experience in a variety of leadership roles and practice areas, Lisa lives and breathes Shine's values, shaping our people into exemplary practitioners.

Lisa is a highly regarded expert in abuse law and has been active in lobbying government for change in line with the recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse. She has also recently supported clients at the Royal Commission into Defence and Veteran Suicides. Lisa is often sought to provide expert commentary in national media and legal publications and has spoken internationally on legal issues regarding the abuse of children. Her commitment to legislative reform in this vital area is driven by her desire to better protect children and other vulnerable people, nationally and internationally.



### General Counsel Company Secretary

**Annette O'Hara**

BA, LLB (Hons 1), LLM, FGIA,  
GradDipACGRM, FCG  
Chartered Secretary

Annette joined the Group in August 2016 as Senior Legal Counsel and was appointed General Counsel and Company Secretary in February 2017.

Previously, Annette had extensive experience as a senior corporate lawyer at national law firm Corrs Chambers Westgarth, advising a wide range of listed and unlisted companies in relation to regulatory, governance and general commercial matters.

Annette was named Company Secretary of the Year in the 2022 Australian Law Awards and in the 2022 Women in Law Awards.



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23



## Remuneration Report

The Directors present the Shine Justice Ltd 2023 remuneration report, outlining key aspects of remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

|                                                          |    |
|----------------------------------------------------------|----|
| a) Key management personnel (KMP) covered in this report | 19 |
| b) Remuneration policy and link to performance           | 20 |
| c) Elements of remuneration                              | 21 |
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a) Key management personnel (KMP) covered in this report

Non-executive and executive Directors (see pages 14 and 15 for details about each Director)

|                   |                                                                                                                               |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Graham Bradley AM | Independent Chairman and Non-executive Director, Chairman of the Nomination and Remuneration Committee and member of the ARMC |
| Teresa Dyson      | Independent Non-executive Director, Chair of the ARMC and member of the Nomination and Remuneration Committee                 |
| David Bayes       | Independent Non-executive Director, member of the ARMC and of the Nomination and Remuneration Committee                       |
| Rod Douglas       | Non- executive Director                                                                                                       |
| Simon Morrison    | Managing Director & Chief Executive Officer (CEO)                                                                             |

Other key management personnel

| Name         | Position                      |
|--------------|-------------------------------|
| Ravin Raj    | Chief Financial Officer (CFO) |
| Jodie Willey | Chief Operating Officer (COO) |
| Lisa Flynn   | Chief Legal Officer (CLO)     |

There have been no changes since the end of the reporting period.



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## b) Remuneration policy and link to performance

The Nomination and Remuneration Committee is made up of independent Non-executive Directors. The Committee reviews and determines remuneration policy and structure annually to ensure it remains aligned to business needs and applies general remuneration principles. In particular, the Committee aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- in the interests of shareholders.

### Balancing short-term and long-term performance

Annual incentives are set to drive annual performance without encouraging undue risk-taking.

Long-term incentives are assessed over a three-year period and are designed to drive long-term performance, promote retention of key staff and provide alignment with shareholders.

The target remuneration mix for FY23 reflects the:

- short-term incentives (STI) opportunity for the current year that is available if the performance conditions are satisfied, and
- value of the Long-Term Incentive (LTI) Plan Performance Rights granted during the year.

**Figure 1**  
Remuneration framework FY23

| Element                 | Purpose                                                                              | Performance metrics                                                                          |                                                                                         | Potential value                  | Changes in FY23                          |
|-------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------------------|------------------------------------------|
| Fixed remuneration (FR) | Provide competitive market salary including superannuation and non-monetary benefits | Meets role expectations                                                                      |                                                                                         | Positioned at median market rate | Reviewed in line with market positioning |
| STI                     | Reward for in-year performance                                                       | CFO, COO:<br>General company performance: 30%<br>Operational performance: 50%<br>People: 20% | CLO:<br>General company performance: 50%<br>Operational performance: 30%<br>People: 20% | \$100,000                        | No changes                               |
| LTI                     | Alignment to long-term shareholder value                                             | EPS growth: 50%<br>Cumulative annual TSR: 25%<br>Strategic Objectives: 25%                   |                                                                                         | Executive KMP: 30% of FR         | No changes                               |

### Assessing performance and claw-back of remuneration

The Nomination and Remuneration Committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid to executive KMP. To assist in this assessment, the Committee receives detailed reports on performance from management which are based on independently verifiable data such as financial measures and data from independent surveys.

Unvested Performance Rights may be cancelled and STI payments withheld in the event of unacceptable conduct.

## c) Elements of remuneration

### (i) Fixed annual remuneration (FR)

Executives may receive their fixed remuneration as:

- cash, or
- cash with non-monetary benefits such as car allowances, motor vehicle and car parking benefits.

FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The Nomination and Remuneration Committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

For the executive KMP, superannuation is included in FR.

### (ii) Short-term incentives

Set out below are the short-term incentives available to the CFO, the COO and the CLO. The Managing Director & CEO, Simon Morrison, does not participate in the STI plan. The following STI plans are conditional upon satisfaction of the “gateway measure” of underlying EBITDA (EBITDA adjusted for the impacts of AASB16) being achieved before an entitlement may arise.

As shown in Figure 2 below, the Group’s financial performance has been impacted by the Ethicon Mesh Interest fair value adjustment (\$32.4m) and lower cash conversion.

As a result, “gateway” underlying EBITDA was not achieved. Accordingly, the Board did not award the CFO, the COO and CLO any short-term incentive on the basis that the “gateway measure” was not achieved.

### Statutory performance indicators

Figure 2 below shows measures of the Group’s financial performance over the last five years as required by the Corporations Act.

**Figure 2**

Statutory and other key performance indicators of the Group over the last five years

|                                                                              | 2023           | 2022   | 2021   | 2020   | 2019   |
|------------------------------------------------------------------------------|----------------|--------|--------|--------|--------|
| Net Profit for the year attributable to owners of Shine Justice Ltd (\$'000) | <b>3,312</b>   | 31,143 | 25,556 | 21,476 | 13,953 |
| Basic earnings per share (cents)                                             | <b>1.92</b>    | 18.0   | 14.8   | 12.4   | 8.1    |
| Adjusted EBITDA (\$'000) <sup>1</sup>                                        | <b>61,608</b>  | 63,088 | 55,199 | 51,150 | 47,436 |
| GOCF (\$'000) <sup>2</sup>                                                   | <b>(3,905)</b> | 30,713 | 54,650 | 34,561 | 31,252 |
| Dividend payments (\$'000)                                                   | <b>8,663</b>   | 9,963  | 8,230  | 6,928  | 6,061  |
| Dividend payout ratio (%) <sup>3</sup>                                       | <b>261.6</b>   | 32.0   | 32.2   | 32.3   | 43.4   |
| Increase/(decrease) in share price (%) <sup>4</sup>                          | <b>-36.1</b>   | -0.9   | +41.6  | +15.8  | -31.4  |

**1** Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited. It excludes the impact of the Ethicon interest fair value adjustment of \$32.4 million.

**2** Gross Operating Cash Flow (GOCF) is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.

**3** The dividend payout ratio is calculated based on dividends actually paid during the year, including final prior year dividends, and profit for the year.

**4** Share price movements calculated in reference to closing 30 June share price in each relevant year.

## c) Elements of remuneration (continued)

**Figure 3**

Structure and performance of the FY23 STI plan

| Feature                                    | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------|---------------------------------------------------|--|------------------------------------|------------|------------------------------------------------------------------------|--|--|-------------------------------|-----|--------------|---|----------------------------|-----|--------------|---|-----------------------------|-----|--------------|---|--------------------------------|------------|------------------------------------------------------------------|--|--|-----------------------------------|-----|------------------|---|-----------------------------|-----|--------------|---|----------------------|-----|------------------|---|--------------------------------------------|-----|--------------|---|---------------|------------|-------------------------------------------------------------------------------------------------|--|--|---------------------|-----|------------------|---|
| Maximum opportunity                        | Chief Financial Officer: \$100,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| Performance metrics                        | The STI metrics align with the Company’s strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
|                                            | <table><tr><th>Metric</th><th>Weighting</th><th>Reason for selection</th><th colspan="2">0%<sup>1</sup> of maximum STI awarded to the CFO</th></tr><tr><td><b>General company performance</b></td><td><b>30%</b></td><td rowspan="4">Reflects improvements in both revenue cost control and cash management</td><td></td><td></td></tr><tr><td>1. Performance against budget</td><td>10%</td><td>Not Achieved</td><td>●</td></tr><tr><td>2. Rate of cash conversion</td><td>10%</td><td>Not Achieved</td><td>●</td></tr><tr><td>3. Exceed banking covenants</td><td>10%</td><td>Not Achieved</td><td>●</td></tr><tr><td><b>Operational performance</b></td><td><b>50%</b></td><td rowspan="5">Reflects improvements which will support Shine’s growth strategy</td><td></td><td></td></tr><tr><td>1. Disbursement funding processes</td><td>15%</td><td>Achieved in Full</td><td>●</td></tr><tr><td>2. File acquisition support</td><td>10%</td><td>Not Achieved</td><td>●</td></tr><tr><td>3. Reduce write-offs</td><td>15%</td><td>Achieved in Full</td><td>●</td></tr><tr><td>4. Financial improvements to Class Actions</td><td>10%</td><td>Not Achieved</td><td>●</td></tr><tr><td><b>People</b></td><td><b>20%</b></td><td rowspan="2">Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA</td><td></td><td></td></tr><tr><td>Department turnover</td><td>20%</td><td>Achieved in Full</td><td>●</td></tr></table> | Metric                                                                                          | Weighting                                         | Reason for selection | 0% <sup>1</sup> of maximum STI awarded to the CFO |  | <b>General company performance</b> | <b>30%</b> | Reflects improvements in both revenue cost control and cash management |  |  | 1. Performance against budget | 10% | Not Achieved | ● | 2. Rate of cash conversion | 10% | Not Achieved | ● | 3. Exceed banking covenants | 10% | Not Achieved | ● | <b>Operational performance</b> | <b>50%</b> | Reflects improvements which will support Shine’s growth strategy |  |  | 1. Disbursement funding processes | 15% | Achieved in Full | ● | 2. File acquisition support | 10% | Not Achieved | ● | 3. Reduce write-offs | 15% | Achieved in Full | ● | 4. Financial improvements to Class Actions | 10% | Not Achieved | ● | <b>People</b> | <b>20%</b> | Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA |  |  | Department turnover | 20% | Achieved in Full | ● |
| Metric                                     | Weighting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Reason for selection                                                                            | 0% <sup>1</sup> of maximum STI awarded to the CFO |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| <b>General company performance</b>         | <b>30%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Reflects improvements in both revenue cost control and cash management                          |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| 1. Performance against budget              | 10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| 2. Rate of cash conversion                 | 10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| 3. Exceed banking covenants                | 10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| <b>Operational performance</b>             | <b>50%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Reflects improvements which will support Shine’s growth strategy                                |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| 1. Disbursement funding processes          | 15%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                 | Achieved in Full                                  | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| 2. File acquisition support                | 10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| 3. Reduce write-offs                       | 15%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                 | Achieved in Full                                  | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| 4. Financial improvements to Class Actions | 10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| <b>People</b>                              | <b>20%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| Department turnover                        | 20%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                 | Achieved in Full                                  | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| Delivery of STI                            | If eligible, up to 100% of the STI could be payable as cash in September 2023.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |
| Board discretion                           | As part of the eligibility criteria for an STI payment, there are a number of behavioural expectations. Failure to comply will result in a deduction from the STI payment, which is subject to Board approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                             |     |              |   |                                |            |                                                                  |  |  |                                   |     |                  |   |                             |     |              |   |                      |     |                  |   |                                            |     |              |   |               |            |                                                                                                 |  |  |                     |     |                  |   |

<sup>1</sup> The "Gateway" underlying EBITDA measure has not been achieved in FY23 and accordingly, no short-term incentive or discretionary payment has been approved.



## c) Elements of remuneration (continued)

**Figure 3**

Structure and performance of the FY23 STI plan (continued)

| Feature                                | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------|---------------------------------------------------|--|------------------------------------|------------|------------------------------------------------------------------------|--|--|-------------------------------|-----|--------------|---|----------------------|-----|--------------|---|--------------------------------|------------|------------------------------------------------------------------|--|--|------------------------------|------|------------------|---|------------------------------|------|--------------|---|------------------------------|------|--------------|---|-----------------------------|------|--------------|---|----------------------------------|------|------------------|---|----------------------------------------|-------|------------------|---|---------------|------------|-------------------------------------------------------------------------------------------------|--|--|--------------------------|-----|--------------|---|
| Maximum opportunity                    | Chief Operating Officer: \$100,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| Performance metrics                    | The STI metrics align with the Company’s strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
|                                        | <table><tr><th>Metric</th><th>Weighting</th><th>Reason for selection</th><th colspan="2">0%<sup>1</sup> of maximum STI awarded to the COO</th></tr><tr><td><b>General company performance</b></td><td><b>30%</b></td><td rowspan="3">Reflects improvements in both revenue cost control and cash management</td><td></td><td></td></tr><tr><td>1. Performance against budget</td><td>20%</td><td>Not Achieved</td><td>●</td></tr><tr><td>2. New file openings</td><td>10%</td><td>Not Achieved</td><td>●</td></tr><tr><td><b>Operational performance</b></td><td><b>50%</b></td><td rowspan="7">Reflects improvements which will support Shine’s growth strategy</td><td></td><td></td></tr><tr><td>1. Deliver Client Strategies</td><td>7.5%</td><td>Achieved in Full</td><td>●</td></tr><tr><td>2. Deliver People Strategies</td><td>7.5%</td><td>Not Achieved</td><td>●</td></tr><tr><td>3. Deliver Growth Strategies</td><td>7.5%</td><td>Not Achieved</td><td>●</td></tr><tr><td>4. Deliver Other Strategies</td><td>7.5%</td><td>Not Achieved</td><td>●</td></tr><tr><td>5. Deliver Innovation Strategies</td><td>7.5%</td><td>Achieved in Full</td><td>●</td></tr><tr><td>6. Shared Services Operational Metrics</td><td>12.5%</td><td>Achieved in Full</td><td>●</td></tr><tr><td><b>People</b></td><td><b>20%</b></td><td rowspan="2">Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA</td><td></td><td></td></tr><tr><td>Shared Services turnover</td><td>20%</td><td>Not Achieved</td><td>●</td></tr></table> | Metric                                                                                          | Weighting                                         | Reason for selection | 0% <sup>1</sup> of maximum STI awarded to the COO |  | <b>General company performance</b> | <b>30%</b> | Reflects improvements in both revenue cost control and cash management |  |  | 1. Performance against budget | 20% | Not Achieved | ● | 2. New file openings | 10% | Not Achieved | ● | <b>Operational performance</b> | <b>50%</b> | Reflects improvements which will support Shine’s growth strategy |  |  | 1. Deliver Client Strategies | 7.5% | Achieved in Full | ● | 2. Deliver People Strategies | 7.5% | Not Achieved | ● | 3. Deliver Growth Strategies | 7.5% | Not Achieved | ● | 4. Deliver Other Strategies | 7.5% | Not Achieved | ● | 5. Deliver Innovation Strategies | 7.5% | Achieved in Full | ● | 6. Shared Services Operational Metrics | 12.5% | Achieved in Full | ● | <b>People</b> | <b>20%</b> | Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA |  |  | Shared Services turnover | 20% | Not Achieved | ● |
| Metric                                 | Weighting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Reason for selection                                                                            | 0% <sup>1</sup> of maximum STI awarded to the COO |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| <b>General company performance</b>     | <b>30%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Reflects improvements in both revenue cost control and cash management                          |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| 1. Performance against budget          | 20%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| 2. New file openings                   | 10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| <b>Operational performance</b>         | <b>50%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Reflects improvements which will support Shine’s growth strategy                                |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| 1. Deliver Client Strategies           | 7.5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                 | Achieved in Full                                  | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| 2. Deliver People Strategies           | 7.5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| 3. Deliver Growth Strategies           | 7.5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| 4. Deliver Other Strategies            | 7.5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| 5. Deliver Innovation Strategies       | 7.5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                 | Achieved in Full                                  | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| 6. Shared Services Operational Metrics | 12.5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                 | Achieved in Full                                  | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| <b>People</b>                          | <b>20%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| Shared Services turnover               | 20%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                 | Not Achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| Delivery of STI                        | If eligible, up to 100% of the STI could be payable as cash in September 2023.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |
| Board discretion                       | As part of the eligibility criteria for an STI payment, there are a number of behavioural expectations. Failure to comply will result in a deduction from the STI payment, which is subject to Board approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |      |                  |   |                              |      |              |   |                              |      |              |   |                             |      |              |   |                                  |      |                  |   |                                        |       |                  |   |               |            |                                                                                                 |  |  |                          |     |              |   |

<sup>1</sup> The "Gateway" underlying EBITDA measure has not been achieved in FY23 and accordingly, no short-term incentive or discretionary payment has been approved.

● Not achieved

● Achieved in part

● Achieved in full



## c) Elements of remuneration (continued)

**Figure 3**

Structure and performance of the FY23 STI plan (continued)

| Feature                            | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------|----------------------|---------------------------------------------------|--|------------------------------------|------------|------------------------------------------------------------------------|--|--|-------------------------------|-----|--------------|---|----------------------------|-----|--------------|---|----------------------|-----|--------------|---|--------------------------------|------------|------------------------------------------------------------------|--|--|------------------------------|-----|--------------|---|----------------------|-----|------------------|---|---------------|------------|-------------------------------------------------------------------------------------------------|--|--|----------------------|-----|--------------|---|
| Maximum opportunity                | Chief Legal Officer: \$100,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| Performance metrics                | The STI metrics align with the Company’s strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
|                                    | <table><tr><th>Metric</th><th>Weighting</th><th>Reason for selection</th><th colspan="2">0%<sup>1</sup> of maximum STI awarded to the CLO</th></tr><tr><td><b>General company performance</b></td><td><b>50%</b></td><td rowspan="4">Reflects improvements in both revenue cost control and cash management</td><td></td><td></td></tr><tr><td>1. Performance against budget</td><td>30%</td><td>Not achieved</td><td>●</td></tr><tr><td>2. Rate of cash conversion</td><td>10%</td><td>Not achieved</td><td>●</td></tr><tr><td>3. New file openings</td><td>10%</td><td>Not achieved</td><td>●</td></tr><tr><td><b>Operational performance</b></td><td><b>30%</b></td><td rowspan="3">Reflects improvements which will support Shine's growth strategy</td><td></td><td></td></tr><tr><td>1. Legal Operational Metrics</td><td>15%</td><td>Not achieved</td><td>●</td></tr><tr><td>2. Reduce write-offs</td><td>15%</td><td>Achieved in Full</td><td>●</td></tr><tr><td><b>People</b></td><td><b>20%</b></td><td rowspan="2">Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA</td><td></td><td></td></tr><tr><td>Legal teams turnover</td><td>20%</td><td>Not achieved</td><td>●</td></tr></table> | Metric                                                                                          | Weighting                                         | Reason for selection | 0% <sup>1</sup> of maximum STI awarded to the CLO |  | <b>General company performance</b> | <b>50%</b> | Reflects improvements in both revenue cost control and cash management |  |  | 1. Performance against budget | 30% | Not achieved | ● | 2. Rate of cash conversion | 10% | Not achieved | ● | 3. New file openings | 10% | Not achieved | ● | <b>Operational performance</b> | <b>30%</b> | Reflects improvements which will support Shine's growth strategy |  |  | 1. Legal Operational Metrics | 15% | Not achieved | ● | 2. Reduce write-offs | 15% | Achieved in Full | ● | <b>People</b> | <b>20%</b> | Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA |  |  | Legal teams turnover | 20% | Not achieved | ● |
| Metric                             | Weighting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Reason for selection                                                                            | 0% <sup>1</sup> of maximum STI awarded to the CLO |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| <b>General company performance</b> | <b>50%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reflects improvements in both revenue cost control and cash management                          |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| 1. Performance against budget      | 30%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                 | Not achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| 2. Rate of cash conversion         | 10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                 | Not achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| 3. New file openings               | 10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                 | Not achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| <b>Operational performance</b>     | <b>30%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reflects improvements which will support Shine's growth strategy                                |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| 1. Legal Operational Metrics       | 15%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                 | Not achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| 2. Reduce write-offs               | 15%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                 | Achieved in Full                                  | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| <b>People</b>                      | <b>20%</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| Legal teams turnover               | 20%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                 | Not achieved                                      | ●                    |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| Delivery of STI                    | If eligible, up to 100% of the STI could be payable as cash in September 2023.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |
| Board discretion                   | As part of the eligibility criteria for an STI payment, there are a number of behavioural expectations. Failure to comply will result in a deduction from the STI payment, which is subject to Board approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                 |                                                   |                      |                                                   |  |                                    |            |                                                                        |  |  |                               |     |              |   |                            |     |              |   |                      |     |              |   |                                |            |                                                                  |  |  |                              |     |              |   |                      |     |                  |   |               |            |                                                                                                 |  |  |                      |     |              |   |

<sup>1</sup> The "Gateway" underlying EBITDA measure has not been achieved in FY23 and accordingly, no short-term incentive or discretionary payment has been approved.

● Not achieved

● Achieved in part

● Achieved in full

For personal use only



## c) Elements of remuneration (continued)

### (iii) Long-term incentives and performance

Executive KMP participate in the LTI plan comprising annual grants of Performance Rights which are subject to:

- 3-year cumulative annual Total Shareholder Return (TSR) performance,
- Earnings per Share (EPS) growth condition, and
- Strategic objectives.

Executive KMP (other than Simon Morrison) also received benefits in the form of Shares resulting from the vesting of the FY20 Performance Rights after satisfaction of the performance conditions. These equity instruments had been granted under the LTIP in a prior year.

Further detail on the FY23 LTI plan is shown in Figure 4 below:

**Figure 4**

Structure and performance of the FY23 LTI

| Feature                                                                        | Description                                                                                                                                                                                                                                                                                                                  |            |                    |                            |    |                                  |                                                                 |                               |      |
|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------|----------------------------|----|----------------------------------|-----------------------------------------------------------------|-------------------------------|------|
| <b>Opportunity/ Allocation</b>                                                 | Executive KMP (other than the Managing Director & CEO):<br>30% of fixed remuneration                                                                                                                                                                                                                                         |            |                    |                            |    |                                  |                                                                 |                               |      |
| <b>Performance hurdle – Total Shareholder Return (TSR)</b><br>(25% weighting)  | Cumulative annual TSR is assessed over 3 years to the end of FY25. This is designed to focus executives on delivering sustainable long-term shareholder returns.                                                                                                                                                             |            |                    |                            |    |                                  |                                                                 |                               |      |
|                                                                                | <table> <tr> <th>TSR</th><th>Proportion to vest</th></tr> <tr> <td>Less than 7%</td><td>0%</td></tr> <tr> <td>Between 7% and 10%</td><td>Pro rata vesting between 50% to 100% (on a straight line basis)</td></tr> <tr> <td>At or above 10%</td><td>100%</td></tr> </table>                                                  | TSR        | Proportion to vest | Less than 7%               | 0% | Between 7% and 10%               | Pro rata vesting between 50% to 100% (on a straight line basis) | At or above 10%               | 100% |
| TSR                                                                            | Proportion to vest                                                                                                                                                                                                                                                                                                           |            |                    |                            |    |                                  |                                                                 |                               |      |
| Less than 7%                                                                   | 0%                                                                                                                                                                                                                                                                                                                           |            |                    |                            |    |                                  |                                                                 |                               |      |
| Between 7% and 10%                                                             | Pro rata vesting between 50% to 100% (on a straight line basis)                                                                                                                                                                                                                                                              |            |                    |                            |    |                                  |                                                                 |                               |      |
| At or above 10%                                                                | 100%                                                                                                                                                                                                                                                                                                                         |            |                    |                            |    |                                  |                                                                 |                               |      |
| <b>Performance hurdle – Earnings per Share (EPS) Growth</b><br>(50% weighting) | EPS growth is assessed over 3 years to the end of FY25. Vesting will occur based on the Company's average annual growth. This is designed to focus executives on delivering sustainable long-term shareholder returns                                                                                                        |            |                    |                            |    |                                  |                                                                 |                               |      |
|                                                                                | <table> <tr> <th>EPS Growth</th><th>Proportion to vest</th></tr> <tr> <td>Less than 7% annual growth</td><td>0%</td></tr> <tr> <td>Between 7% and 10% annual growth</td><td>Pro rata vesting between 50% to 100% (on a straight line basis)</td></tr> <tr> <td>At or above 10% annual growth</td><td>100%</td></tr> </table> | EPS Growth | Proportion to vest | Less than 7% annual growth | 0% | Between 7% and 10% annual growth | Pro rata vesting between 50% to 100% (on a straight line basis) | At or above 10% annual growth | 100% |
| EPS Growth                                                                     | Proportion to vest                                                                                                                                                                                                                                                                                                           |            |                    |                            |    |                                  |                                                                 |                               |      |
| Less than 7% annual growth                                                     | 0%                                                                                                                                                                                                                                                                                                                           |            |                    |                            |    |                                  |                                                                 |                               |      |
| Between 7% and 10% annual growth                                               | Pro rata vesting between 50% to 100% (on a straight line basis)                                                                                                                                                                                                                                                              |            |                    |                            |    |                                  |                                                                 |                               |      |
| At or above 10% annual growth                                                  | 100%                                                                                                                                                                                                                                                                                                                         |            |                    |                            |    |                                  |                                                                 |                               |      |



## c) Elements of remuneration (continued)

**Figure 4**

Structure of the FY23 LTI (continued)

| Feature                                                                                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Performance hurdle – Strategic Objectives</b><br><i>(25% weighting, 5% in each category)</i> | <p>Strategic objectives are achieved over 3 years to the end of FY25 relating to the following 5 categories:</p> <ol style="list-style-type: none"><li>1. Clients</li><li>2. Team members</li><li>3. Growth</li><li>4. Financial strength</li><li>5. Innovation</li></ol> <p>Rights vest subject to achievement of the strategic hurdles set out above, with straight line vesting of 50% - 100% in each category if the objectives are determined by the Board to be substantially (at least 75%) achieved.</p> |
| <b>Vesting</b>                                                                                  | <p>Performance Rights are granted under the LTIP for no consideration and carry no dividend or voting rights. When vested, each right converts into one Share. The vesting price on which the number of rights granted is based is the weighted average price at which the Company's shares are traded on the ASX on 15 days before plus 15 days after the release of the Shine Justice Annual Report in the financial year to which they relate.</p>                                                            |
| <b>Forfeiture and termination</b>                                                               | <p>The Performance Rights will lapse if performance conditions are not met. Rights will be forfeited on cessation of employment unless the Board determines otherwise, e.g. in the case of retirement due to injury, disability or death.</p>                                                                                                                                                                                                                                                                    |
| <b>Board discretion</b>                                                                         | <p>The Board retains discretion to adjust the performance measures if warranted by relevant circumstances at the time of vesting. The Board may also cancel some or all of individual performance rights on the basis they constitute an inappropriate benefit to the KMP due to any unacceptable conduct, including fraud or dishonesty or acting in a manner which brings the Shine Group into disrepute.</p>                                                                                                  |

Due to his substantial shareholding in the Company, Managing Director & CEO Simon Morrison does not participate in the LTIP.



## c) Elements of remuneration (continued)

### Terms, conditions and performance of the share-based payment arrangements

The terms and conditions of each grant of Performance Rights affecting remuneration in the current or a future reporting period are as follows:

| Grant date                      | Approximate vesting date | Value per right at grant date                                            | Performance achieved                                           | % vested           |
|---------------------------------|--------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|
| 12 December 2020<br>(FY21 LTIP) | 31 August 2023           | TSR <sup>1</sup> : \$0.49<br>EPS: \$0.77<br>Strategic objectives: \$0.77 | >7% & <10%<br><7% average annual growth<br>Partial achievement | 76%<br>nil%<br>10% |
| 2 December 2021<br>(FY22 LTIP)  | 31 August 2024           | TSR: \$0.84<br>EPS: \$1.30<br>Strategic objectives: \$1.30               | TSR <sup>2</sup><br>& EPS<br>to be determined                  | n/a                |
| 2 December 2022<br>(FY23 LTIP)  | 31 August 2025           | TSR: \$0.33<br>EPS: \$0.85<br>Strategic objectives: \$0.85               | TSR <sup>3</sup><br>& EPS<br>to be determined                  | n/a                |

1. Cumulative annual TSR is assessed over 3 years to the end of FY23. This is designed to focus executives on delivering sustainable long-term shareholder returns. The Directors consider that a pre-set TSR hurdle is a suitable hurdle for the FY21 Performance Rights and for future grants under the LTIP, given challenges associated with selecting an appropriate peer group against which to measure RTSR.
2. Cumulative annual TSR is assessed over 3 years to the end of FY24. This is designed to focus executives on delivering sustainable long-term shareholder returns. The Directors consider that a pre-set TSR hurdle is a suitable hurdle for the FY22 Performance Rights and for future grants under the LTIP, given challenges associated with selecting an appropriate peer group against which to measure RTSR.
3. Cumulative annual TSR is assessed over 3 years to the end of FY25. This is designed to focus executives on delivering sustainable long-term shareholder returns. The Directors consider that a pre-set TSR hurdle is a suitable hurdle for the FY23 Performance Rights and for future grants under the LTIP, given challenges associated with selecting an appropriate peer group against which to measure RTSR.

As previously noted, the Group's financial performance has been impacted by the Ethicon Mesh Interest fair value adjustment (\$32.4m). As a result, the EPS performance for the FY21 LTIP has not been achieved.

The number of rights over ordinary shares in the Company provided as remuneration to KMP is shown in figure 9 below. See pages 25-26 for the conditions that must be satisfied for the rights to vest. When vested, each right is replaced with one Share in Shine Justice Ltd. The vesting price on which the number of rights granted is based is the weighted average price at which the Company's shares are traded on the ASX on 15 days before plus 15 days after the release of the Shine Justice Annual Report in the financial year to which they relate.

### Performance of the FY20 LTI plan

| LTI               | Vesting of FY20 LTI in FY23 |
|-------------------|-----------------------------|
| 3-year RTSR (30%) | 100% vesting                |
| 3-year EPS (70%)  | 100% vesting                |

## d) Remuneration expenses for executive KMP

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

**Figure 5**  
Executive remuneration

|                        |      | Short-term employee benefits |                  |                    | Post-employment              | Share-based payments        |                            | Termination benefits | Other long-term benefits (long service) <sup>4</sup> | Total     | Total at-risk % |
|------------------------|------|------------------------------|------------------|--------------------|------------------------------|-----------------------------|----------------------------|----------------------|------------------------------------------------------|-----------|-----------------|
|                        |      | Salary and fees              | STI <sup>1</sup> | Other <sup>2</sup> | Superannuation contributions | Rights granted <sup>3</sup> | Other share-based payments |                      |                                                      |           |                 |
| Executive Director     |      |                              |                  |                    |                              |                             |                            |                      |                                                      |           |                 |
| Simon Morrison         | 2023 | 511,871                      | -                | 24,214             | 25,292                       | -                           | -                          | -                    | 8,150                                                | 569,527   | -               |
|                        | 2022 | 495,115                      | -                | 23,920             | 23,568                       | -                           | -                          | -                    | 8,173                                                | 550,776   | -               |
| Other Executive KMP    |      |                              |                  |                    |                              |                             |                            |                      |                                                      |           |                 |
| Ravin Raj              | 2023 | 454,125                      | -                | 19,716             | 25,292                       | 22,345                      | -                          | -                    | 8,589                                                | 530,067   | 4%              |
|                        | 2022 | 449,366                      | 40,000           | 9,478              | 23,568                       | 116,930                     | -                          | -                    | 8,457                                                | 647,799   | 24%             |
| Jodie Willey           | 2023 | 394,630                      | -                | 9,716              | 25,292                       | 17,502                      | -                          | -                    | 8,550                                                | 455,690   | 4%              |
|                        | 2022 | 389,749                      | 40,000           | 9,478              | 23,568                       | 76,832                      | -                          | -                    | 13,974                                               | 553,601   | 21%             |
| Lisa Flynn             | 2023 | 412,258                      | -                | -                  | 25,292                       | 19,145                      | -                          | -                    | 9,388                                                | 466,083   | 4%              |
|                        | 2022 | 405,226                      | 40,000           | -                  | 23,568                       | 86,687                      | -                          | -                    | 10,974                                               | 566,455   | 22%             |
| Total Executive KMP    | 2023 | 1,772,884                    | -                | 53,646             | 101,168                      | 58,992                      | -                          | -                    | 34,677                                               | 2,021,367 |                 |
|                        | 2022 | 1,739,456                    | 120,000          | 42,876             | 94,272                       | 280,449                     | -                          | -                    | 41,578                                               | 2,318,631 |                 |
| Total NED Remuneration | 2023 | 435,022                      | -                | -                  | 45,752                       | 194,790                     | -                          | -                    | -                                                    | 675,564   |                 |
|                        | 2022 | 371,185                      | -                | -                  | 38,355                       | 185,050                     | -                          | -                    | -                                                    | 594,590   |                 |
| Total KMP expense      | 2023 | 2,207,906                    | -                | 53,646             | 146,920                      | 253,782                     | -                          | -                    | 34,677                                               | 2,696,931 |                 |
|                        | 2022 | 2,110,641                    | 120,000          | 42,876             | 132,627                      | 465,499                     | -                          | -                    | 41,578                                               | 2,913,221 |                 |

- There have been no cash STI benefits accrued in FY23 to be paid to KMP. As Gateway EBITDA measure was not achieved, this has not been awarded. The 2022 amount represents the cash STI payment for 2022, which was paid during September 2022
- 'Other' comprises ad hoc payments treated as remuneration, such as a car parking, car allowance, and other benefits for Simon Morrison, Ravin Raj and Jodie Willey.
- Performance Rights granted under the current FY21-FY23 LTI and the NED Equity Plan rights for FY22-FY23, are expensed over the performance period, which includes the year to which the rights relate. 2023 figures include the impact of FY21 LTI actual vesting performance with EPS conditions not met and a partial achievement against the strategic objective conditions.
- Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 16.8. The amounts disclosed in this column represent the increase in the associated long-service leave provisions.



## e) Contractual arrangements with executive KMP

| Component                                                               | Managing Director & CEO                             | Other executive KMP                   |
|-------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------|
| Fixed remuneration                                                      | \$569,527                                           | Range between \$438,188 and \$497,722 |
| Contract duration                                                       | Ongoing contract                                    | Ongoing contract                      |
| Notice of termination by the individual/<br>Company (without cause)     | 6 months                                            | 3 months                              |
| Termination of employment (with cause)                                  | No notice                                           | No notice                             |
| Termination except in limited<br>circumstances (eg death or disability) | STI is not awarded, and all unvested LTI will lapse |                                       |

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## f) Non-executive Director arrangements

Non-executive Directors receive a board fee, see table below. They do not receive performance-based pay or retirement allowances. Superannuation is paid in addition to the fees.

There are no additional fees payable for chairing or being a member of a Board committee.

Fees are reviewed annually by the Board taking into account comparable roles. The FY23 base fees were reviewed with effect from 1 July 2021 and confirmed in August 2022.

The maximum annual aggregate Directors' fee pool limit is \$950,000 (including superannuation) and was approved by shareholders at the annual general meeting on 19 October 2022.

| Base fees per annum (excluding superannuation) | From 1 July 2020 | From 1 July 2023 |
|------------------------------------------------|------------------|------------------|
| Chairman                                       | \$250,000        | \$262,500        |
| Other Non-executive Directors                  | \$120,000        | \$126,000        |

All Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

**Figure 6**  
Non-executive Director remuneration

| Name                                         | Year | Fees<br>\$ | Rights granted<br>\$ | Superannuation<br>\$ | Total<br>\$ |
|----------------------------------------------|------|------------|----------------------|----------------------|-------------|
| Graham Bradley AM                            | FY23 | 188,185    | 68,823               | 19,784               | 276,792     |
|                                              | FY22 | 125,200    | 96,543               | 13,402               | 235,145     |
| Teresa Dyson                                 | FY23 | 90,342     | 33,149               | 9,496                | 132,987     |
|                                              | FY22 | 89,996     | 23,291               | 9,093                | 122,380     |
| David Bayes                                  | FY23 | 96,274     | 26,519               | 10,126               | 132,919     |
|                                              | FY22 | 95,997     | 18,633               | 9,674                | 124,304     |
| Rod Douglas                                  | FY23 | 60,221     | 66,299               | 6,346                | 132,866     |
|                                              | FY22 | 59,992     | 46,583               | 6,186                | 112,761     |
| Total Non-executive<br>Director remuneration | FY23 | 435,022    | 194,790              | 45,752               | 675,564     |
|                                              | FY22 | 371,185    | 185,050              | 38,355               | 594,590     |



## f) Non-executive Director arrangements (continued)

### Non-executive Director (NED) Equity Plan

In November 2020, the Board adopted the NED Equity Plan, under which the Non-executive Directors may increase their holdings of Shares in Shine Justice Ltd in order to share in the growth of the business and more closely align their interests with those of shareholders. The NED Equity Plan supports the Board's policy that Directors should be encouraged to accumulate a shareholding equivalent in value to their annual Directors' fees over a three-year period.

The NED Equity Plan provides for Non-executive Directors to sacrifice a percentage of their fees over an agreed period and to be granted rights to acquire a number of Shares reflecting the amount to be sacrificed over the period. The participating Directors' fees are reduced in equal amounts each fortnight during the participation period. NED Rights are granted for no consideration at the beginning of the period during which salary sacrifices are made and vest into Shares at the end of that period.

For the FY22 Rights granted on 30 June 2021, the price on which the number of granted NED Rights was calculated was the volume weighted average closing price of Shares on ASX on the 15 trading days before, and the 15 trading days commencing on, the date of the offer (1 June 2022), being \$0.96. The fair value of \$0.91 is lower due to no entitlement to dividends over the service period. The FY22 NED Rights vested in August 2022.

For the FY23 Rights granted on 1 July 2022, the price on which the number of granted NED Rights was calculated was the volume weighted average closing price of Shares on ASX on the 20 trading days before, the date of the offer (29 June 2022), being \$0.96. The fair value of \$0.91 is lower due to no entitlement to dividends over the service period. The FY23 NED Rights will vest on or around 30 August 2023.

On vesting of NED Rights, the participating Director is allocated a number of Shares purchased on market, equivalent to the number of vested NED Rights held by the Director. Shares allocated or transferred to Non-executive Directors following vesting are subject to a Disposal Restriction until the earlier of the date of the Non-executive Director's retirement from the Board or 15 years after allocation or transfer of the Shares. While the Disposal Restriction applies, the Non-executive Directors is not permitted to dispose of the Shares held as a result of the vesting of NED Rights.

If a participating Director retires from the Board prior to the vesting of NED Rights, pro-rata vesting or a repayment of sacrificed fees may occur and disposal restrictions will cease to apply. NED Rights do not carry any voting or dividend rights.



## f) Non-executive Director arrangements (continued)

**Figure 7**

NED Salary Sacrifice rights

The table below shows a reconciliation of NED Rights that were granted, vested and forfeited to the end of FY23:

|                   |            | Balance<br>at start<br>of year | Granted<br>during<br>year | Vested &<br>exercised |     | Forfeited |   | Balance at<br>end of<br>year<br>(unvested) | Maximum<br>remaining<br>value yet to<br>vest <sup>1</sup> |
|-------------------|------------|--------------------------------|---------------------------|-----------------------|-----|-----------|---|--------------------------------------------|-----------------------------------------------------------|
| Name              | Grant Date | Number                         | Number                    | Number                | %   | Number    | % | Number                                     | \$                                                        |
| Graham<br>Bradley | Jul 2022   | -                              | 71,968                    | -                     | -   | -         | - | 71,968                                     | -                                                         |
|                   | Jun 2021   | 142,009                        | -                         | 142,009               | 100 | Nil       | 0 | -                                          | -                                                         |
| Teresa<br>Dyson   | Jul 2022   | -                              | 34,664                    | -                     | -   | -         | - | 34,664                                     | -                                                         |
|                   | Jun 2021   | 34,260                         | -                         | 34,260                | 100 | Nil       | 0 | -                                          | -                                                         |
| David<br>Bayes    | Jul 2022   | -                              | 27,731                    | -                     | -   | -         | - | 27,731                                     | -                                                         |
|                   | Jun 2021   | 27,408                         | -                         | 27,408                | 100 | Nil       | 0 | -                                          | -                                                         |
| Rod<br>Douglas    | Jul 2022   | -                              | 69,329                    | -                     | -   | -         | - | 69,329                                     | -                                                         |
|                   | Jun 2021   | 68,521                         | -                         | 68,521                | 100 | Nil       | 0 | -                                          | -                                                         |

<sup>1</sup> The maximum value of the Rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.

### Terms and conditions of the NED salary sacrifice rights arrangements

The terms and conditions of each grant of NED salary sacrifice rights affecting remuneration in the current or a future reporting period are as follows:

| Grant date                    | Approximate<br>vesting date | Value per right<br>at grant date | Service criteria                                   |
|-------------------------------|-----------------------------|----------------------------------|----------------------------------------------------|
| 1 June 2021 (FY22 NED Rights) | 30 August 2022              | \$0.96                           | Remains a Director during the participation period |
| 1 July 2022 (FY23 NED Rights) | 30 August 2023              | \$0.96                           | Remains a Director during the participation period |

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## g) Additional statutory information

### (i) Performance based remuneration granted and forfeited during the year

Figure 8 shows for each executive KMP (other than the Managing Director & CEO) how much of their STI cash bonus was awarded and how much was forfeited. It also shows the value of Performance Rights that were granted, vested and forfeited during FY23. The number of rights and percentages vested/forfeited for each grant are disclosed in section (iii).

**Figure 8**

Performance based remuneration granted and forfeited during the year

| Name         | Total STI bonus (cash)  |                            |                | LTI Performance Rights |                   |
|--------------|-------------------------|----------------------------|----------------|------------------------|-------------------|
|              | Total opportunity<br>\$ | Awarded <sup>1</sup><br>\$ | Forfeited<br>% | FY23 Granted<br>\$     | FY20 Vested<br>\$ |
| Ravin Raj    | 100,000                 | -                          | 100.0          | 81,226                 | 118,295           |
| Jodie Willey | 100,000                 | -                          | 100.0          | 74,087                 | 28,228            |
| Lisa Flynn   | 100,000                 | -                          | 100.0          | 74,087                 | 58,897            |

<sup>1</sup> STI awarded in respect of FY23 and to be paid in FY24.

### (ii) Reconciliation of Performance Rights and ordinary Shares held by KMP

This table shows how many Performance Rights were granted, vested and forfeited during the year. No payment is required upon vesting.

**Figure 9**

Performance Rights

| Name         | Year granted | Balance at start of year<br>Number | Granted during year<br>Number | Vested & exercised <sup>1</sup><br>Number | %   | Forfeited<br>Number | %  | Balance at end of year (unvested)<br>Number | Maximum remaining value yet to vest <sup>2</sup><br>\$ |
|--------------|--------------|------------------------------------|-------------------------------|-------------------------------------------|-----|---------------------|----|---------------------------------------------|--------------------------------------------------------|
| Ravin Raj    | FY23         | -                                  | 112,814                       | -                                         | -   | -                   | -  | 112,814                                     | 55,672                                                 |
|              | FY22         | 107,301                            | -                             | -                                         | -   | -                   | -  | 107,301                                     | 47,036                                                 |
|              | FY21         | 161,609                            | -                             | -                                         | -   | (117,167)           | 73 | 44,442                                      | 1,229                                                  |
|              | FY20         | 149,362                            | -                             | (149,362)                                 | 100 | Nil                 | 0  | -                                           | -                                                      |
| Jodie Willey | FY23         | -                                  | 102,898                       | -                                         | -   | -                   | -  | 102,898                                     | 50,778                                                 |
|              | FY22         | 96,005                             | -                             | -                                         | -   | -                   | -  | 96,005                                      | 42,085                                                 |
|              | FY21         | 140,614                            | -                             | -                                         | -   | (101,945)           | 73 | 38,669                                      | 1,069                                                  |
|              | FY20         | 35,641                             | -                             | (35,641)                                  | 100 | Nil                 | 0  | -                                           | -                                                      |
| Lisa Flynn   | FY23         | -                                  | 102,898                       | -                                         | -   | -                   | -  | 102,898                                     | 50,778                                                 |
|              | FY22         | 96,005                             | -                             | -                                         | -   | -                   | -  | 96,005                                      | 42,085                                                 |
|              | FY21         | 140,614                            | -                             | -                                         | -   | (101,945)           | 73 | 38,669                                      | 1,069                                                  |
|              | FY20         | 74,365                             | -                             | (74,365)                                  | 100 | Nil                 | 0  | -                                           | -                                                      |

<sup>1</sup> The vesting date was 7 September 2022 with a vesting price of \$1.19. No payment was required upon vesting.

<sup>2</sup> The maximum value of the Performance Rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. The minimum value of Performance Rights yet to vest is nil, as the rights will be forfeited if the vesting conditions are not met.



## g) Additional statutory information (continued)

**Figure 10**

Shareholdings – Ordinary Shares

| Name              | Balance at the start of the year | Received on vesting of rights to Shares | Other change during the year | Balance at the end of the year |
|-------------------|----------------------------------|-----------------------------------------|------------------------------|--------------------------------|
| Graham Bradley AM | 218,141                          | 142,009                                 | 50,000                       | 410,150                        |
| Teresa Dyson      | 37,605                           | 34,260                                  | 13,333                       | 85,198                         |
| David Bayes       | 45,988                           | 27,408                                  | -                            | 73,396                         |
| Rod Douglas       | 156,043                          | 68,521                                  | -                            | 224,564                        |
| Simon Morrison    | 43,588,704                       | -                                       | -                            | 43,588,704                     |
| Ravin Raj         | 508,394                          | 149,362                                 | -                            | 657,756                        |
| Jodie Willey      | 1,773,558                        | 35,641                                  | -                            | 1,809,199                      |
| Lisa Flynn        | 433,454                          | 74,365                                  | -                            | 507,819                        |

### (iii) Loans given to KMP

Details of loans made to Directors of Shine Justice and other KMP of the Group, including their close family members and entities related to them, are set out below.

Loans outstanding at the end of the current and prior year include loans to a New Zealand company affiliated with Shine, of which Simon Morrison is a director and controlling shareholder.

| Name           | Balance at the start of the year | Interest paid and payable for the year | Balance at the end of the year | Highest indebtedness during the year |
|----------------|----------------------------------|----------------------------------------|--------------------------------|--------------------------------------|
| Simon Morrison | 5,041,557                        | 260,358                                | 6,242,758                      | 6,242,758                            |

Interest is payable on this loan at Shine Justice's Australian working capital facility loan rate plus 2%. The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's-length basis.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.



## g) Additional statutory information (continued)

### (iv) Other transactions with KMP

The following transactions occurred with a New Zealand company affiliated with Shine of which Simon Morrison is a director and controlling shareholder:

|                                                                    | FY23      | FY22      |
|--------------------------------------------------------------------|-----------|-----------|
| Sales and purchases of goods and services                          |           |           |
| Income from rent and services provided to entity controlled by KMP | 1,722,839 | 1,355,908 |
| Rental expenses incurred from entity controlled by KMP             | 1,083,372 | 1,142,594 |
| Interest received from related parties                             | 260,358   | 218,340   |

The Group acquired the following goods and services from entities that are controlled by Simon Morrison:

- Leases over and fit outs of commercial properties occupied by parts of the Group. The lease agreements are based on normal commercial terms and conditions.

#### Consultancy fees

Consultancy fees were paid to a company owned by Rod Douglas of \$49,500 (including GST) (2022: \$41,778).

### (v) External remuneration consultants

There were no remuneration consultants engaged during the year.

### (vi) Voting of shareholders at last year's annual general meeting

Shine Justice Ltd received a 98.25% "yes" vote on its remuneration report for the FY22 financial year. The Company did not receive any specific feedback from shareholders at the AGM or throughout the year on its remuneration practices.

END OF REMUNERATION REPORT

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## Officers' indemnities and insurance

The Constitution provides that the Company must indemnify any person who is, or has been, a Director or executive officer of the Group, and may indemnify other current or former officers and auditors, against liabilities incurred whilst acting as such officers or auditors, to the extent permitted by law.

The Company has entered into a Deed of Access, Indemnity and Insurance with each of the Directors and the Company Secretary. The Company has paid a premium for insurance for the Directors and officers of the Group against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Directors and officers of the Group, other than conduct involving a wilful breach of duty in relation to the Group.

## Indemnifying auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, PwC, and its former auditors against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify the Group's auditors or former auditors during, or since the end of, the Financial Year.

## No leave to bring proceedings on behalf of the company

No person has applied to Court for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Group was not a party to any such proceedings during the Financial Year.

## Environmental regulation

The Group's operations are not subject to any significant environmental regulation under the laws of the Commonwealth or States.

## Dividends

The Board's dividend policy has been structured in order to maintain investor, creditor and market confidence and to sustain future development of the Group's business. The Group manages capital with a view to ensuring that the goals of continuing as a going concern and the provision of acceptable shareholder returns are met.

The amount of dividends declared by the Board at any time will be influenced by underlying financial performance and cash flow, balance sheet, debt and treasury risk management, working capital needs and competing internal and external investment opportunities necessary for growth.

The Company's aim is to pay between 30% and 50% of NPAT as dividends each financial year. To the extent the Company has franking credits, it intends to distribute them to shareholders in the form of franked dividends. The declaration of dividends is at the sole discretion of the Board and no guarantee can be given about the amount of any dividends declared or the level of franking or imputation.

In respect of the Financial Year, an interim dividend of 1.5 cents per Share (unfranked) was declared on 23 February 2023 and paid on 22 March 2023. After careful consideration and in the interests of prudent cash management, the Directors have determined not to declare a final dividend for FY23, but expect to be in a position to again declare dividends in FY24 in accordance with our stated dividend policy, subject to the expected improved cash position.

In respect of FY22, as detailed in the Directors' Report for that financial year, a final dividend of 3.5 cents per Share (unfranked) was declared on 26 August 2022 and paid on 7 October 2022.

## State of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the Financial Year.

## Events since the end of the Financial Year

On 3 August 2023, the Federal Court of Australia dismissed our application to recover from the settlement fund in the Ethicon Mesh Class Actions the full amount of the interest on a disbursement funding facility used in the class actions, without dismissing the opportunity to make another application in relation to the same subject matter. Shine will prepare further submissions over the course of FY24 in relation to the recovery of an alternate amount of interest.

Otherwise, the Directors are not aware of any events or developments which are not set out in this Annual Report that have, or would have, a significant effect on the Group's state of affairs, or its expected results in future years.

## Rights and options

There are currently 1,817,459 FY21 Performance Rights, 1,808,327 FY22 Performance Rights and 2,847,317 FY23 Performance Rights on issue.

There are 203,692 FY23 NED Rights and 281,755 FY24 NED Rights on issue.

There are no options on issue.



## Non-Audit Services

During the Financial Year, the Company's auditor, PwC, performed other services in addition to their audit responsibilities. The engagement to perform non-audit services was approved on the basis that it was more cost-effective than engaging a firm without knowledge of the Group.

The Board, in accordance with advice from the Audit & Risk Management Committee, is satisfied that the provision of non-audit services by PwC (or by another person or firm on their behalf) during the Financial Year is compatible with the general standard of independence for auditors imposed by the Corporations Act because the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid or payable to PwC for non-audit services provided during the Financial Year are set out below.

### Non-audit services

| Services                                | FY23      | FY22      |
|-----------------------------------------|-----------|-----------|
| Auditing or reviewing financial reports | \$490,620 | \$501,866 |
| Non-audit services                      | \$11,867  | \$32,678  |
| Total                                   | \$502,487 | \$534,544 |

## Auditor's independence declaration

No officer of the Company is a former partner or director of PwC, and a copy of the Auditor's Independence Declaration as required under the Corporations Act is set out in, and forms part of, this Report.

## Declarations

Simon Morrison (as Managing Director & CEO) and Ravin Raj (as Chief Financial Officer) have each provided a declaration to the Board in accordance with section 295A of the Corporations Act that, in their opinion, the financial records of the Group have been properly maintained, the financial statements and notes in this Report comply with the accounting standards and give a true and fair view of the Group's financial position and performance and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, amounts in the Directors' Report and the financial statements are rounded to the nearest thousand dollars, or in certain cases, the nearest dollar.



## Operating and Financial Review

### Principal activities

The principal activities of the Group during the year were the provision of legal services and the conduct of an insurance recovery consulting business through a partner company in New Zealand.

No significant changes in the nature of the Company's principal activities occurred during the Financial Year.

The Group expanded with new offices in Melton and Pakenham in Victoria. Some other branches were relocated to improve accessibility, visibility and functionality.

### Overview and strategies

The objective of the Board is to create and deliver long-term shareholder value through the provision of a range of diversified legal services, both in terms of service offerings and geographical reach. Whilst each area of the Group's business activities holds significant value and makes a substantial contribution towards achieving this objective, management of the synergies arising from the various business activities is critical to achieving the objective.

Whilst the Company was founded in Queensland 47 years ago, a core element of the Group strategy is to continue to extend its reach into other jurisdictions to mitigate the impact of exposure to a single market. The Group has been successful in achieving this with almost three quarters of its total revenue in FY23 earned in markets outside Queensland personal injuries. As the Group's personal injury products operate under state government schemes, diversification into other markets is important in respect of managing exposure to tort reform.

The Board believes that the best way to operate in the personal injury markets in Australia is with the benefit of scale and as a listed entity.

Through its critical mass, the Group is able to leverage its investment in technology and provide better training and access to specialisation for staff.

The Board oversees the implementation of a range of strategies in five priority areas relating to clients, team members, growth, financial strength and innovation.

## Review of operations

The Group specialises primarily in damages based plaintiff litigation legal services, primarily relating to personal injury.

The balance of the Financial Year's revenue was derived from other practice areas, including class actions, medical law, dust diseases law and disability and superannuation claims.

Measures were taken to further the integration of all brands into the Group.

### Personal injury

Shine Lawyers continued to specialise in damages based plaintiff litigation legal services, primarily relating to personal injuries.

The Group continued to optimise traditional and digital (including social media) advertising, adapting content to respond to changing emphasis in client concerns.

The Group's Western Australian businesses continued to perform consistently. Stephen Browne Lawyers performed steadily in its personal injury and superannuation and disability insurance business.

Bradley Bayly experienced growth in abuse matters, following law reform removing the limitation period for childhood sexual abuse compensation claims.

Sciaccas Lawyers performed well during the Financial Year.



## New Practice Areas

We achieved several significant class action settlements during FY23, including:

- \$300 million in the historic Ethicon Mesh Class Actions against Johnson & Johnson after more than a decade litigating on behalf of thousands of Australian women left with life altering complications from faulty prolapse mesh and tape implants, one of Australia's largest product liability class actions;
- \$105 million in a further action against pelvic mesh manufacturer Boston Scientific;
- \$50 million in an historic action against the Commonwealth of Australia for family members and deceased estates of the Northern Territory Stolen Generations;
- \$22 million in the historic action against the Commonwealth of Australia Department of Defence for losses to property value and use and enjoyment of land and cultural loss due to exposure to firefighting foam around Wreck Bay in the Jervis Bay ; and
- \$123 million in an action against the Department of Defence for business and property losses due to exposure to firefighting chemicals in Bullsbrook (Western Australia), Richmond and Wagga Wagga (New South Wales), Wodonga/Bandiana (Victoria), Edinburgh (South Australia), Darwin (Northern Territory) and Townsville (Queensland), for which we were pleased to receive approval from the Court last week (Multi-site Contamination Class Action).

We were pleased to receive approval from the Federal Court on Friday 25 August 2023 for the Multi-site Contamination Class Action settlement. This paves the way for Shine Lawyers to administer the settlement fund expeditiously to get compensation into the hands of group members. The Court also approved paying out the applicants' legal costs incurred in the class action from the settlement sum, including approximately \$8.45 million in fees carried by Shine Lawyers on a no win, no fee basis. We expect that the settlement administration will be finalised within FY24.

We also filed a number of significant actions during the year:

- on behalf of passengers who suffered from norovirus outbreaks on a series of Sun Princess cruises;
- on behalf of shareholders against Star Entertainment Group for allegedly being engaged in misleading and deceptive conduct; and
- against Anglicare's Newmarch House for deaths that occurred in the aged care facility due to alleged negligence during the coronavirus outbreak in 2020 on behalf of 25 people whose loved ones died at the facility.

The Medical Law business is expanding and continues to demonstrate good growth. We were invited to give evidence at the Senate inquiry into concussion and repeated head trauma in contact sports.

Our Dust Diseases team is continuing to lead the way in compensation claims for Australian workers suffering from silicosis, a serious and potentially deadly lung disease impacting miners, stonemasons and construction and tunnelling industry workers. Our team has been at the forefront of pioneering compensation outcomes for silica induced autoimmune diseases, including scleroderma, rheumatoid arthritis and lupus. We are confident that our team's tireless work will soon result in a world-first ban on engineered stone.

Our Queensland family law practice, Best Wilson Buckley, and Carr & Co, our family law practice in Perth, were affected by staff turnover during the Financial Year, but a more settled workforce is expected to lead to improved performance in FY24.

## Future developments and prospects

The Group will seek to continue to grow its business by concentrating on the activities and strategies outlined below.

### Damages based plaintiff litigation

The Group continues to execute its strategy to grow all areas of its damages based plaintiff litigation business, but with a focus on growing other specialties at a faster rate than the personal injury practice area. The Group intends to grow in the future organically and through acquisitions.

Whilst personal injury litigation remains a significant part of the strategy, the Group also considers other opportunities to broaden its service offerings.

### Tort reform

Although tort reform initiatives pose risks for the Group's business, it has considerable experience adapting its business model to regulatory change. Tort reform presents opportunities, particularly in the acquisition of smaller practices which do not have the systems in place to deal with complex regulatory changes.

### International opportunities

Whilst the Directors believe there are ample opportunities for the Group to continue to grow domestically, they will continue to monitor opportunities internationally and seek to replicate successful actions, in particular US mass torts, in Australia.



## Consolidated Financial Position

The Group seeks to maintain an optimal capital structure by ensuring that there is an appropriate balance of debt and equity. The current target is a maximum interest-bearing debt to equity ratio of 30%. At 30 June 2023, the ratio was 34%. The Group utilises a combination of short and long term debt to ensure that it has an appropriate level of liquidity available throughout the financial year.

The Group's finance facilities with the Commonwealth Bank of Australia (CBA) continued for the Financial Year. Details of these facilities are set out in note 6(h) in the Financial Report.

The finance facilities are subject to financial covenants including a WIP gearing ratio (borrowings cannot exceed 30% of net WIP) and debt to EBITDA ratio (not to exceed 2.25:1). For a discussion about compliance with these financial covenants, please refer to note 12(a) in the Financial Report.

In addition to the CBA facilities, the Group also has disbursement funding providers that support eligible clients with funds to cover disbursements in relation to their claims. The use of disbursement funding is expected to continue to improve the Group's operating cash flows. Details of the disbursement funding facilities are set out in note 6(g) in the Financial Report.

The Group will generally only seek to raise new capital for material events. No material acquisitions are currently proposed.

## Risk Management

The Group's business is subject to risk factors, both specific to its business activities and risks of a general nature. The risks the Directors highlight below do not represent all risks associated with the Group, but represent, in the Directors' opinion, the material business risks. The most significant factors relating to future financial performance are set out in the following commentary.

### Conflict of Duties

The Group, through those subsidiaries engaged in the provision of legal services, has a paramount duty to the court, first, and then to its clients. Those duties prevail over the Group's duty to shareholders. There may be instances where the Group and its lawyers, in fulfilling their duties to the Court or to the client (or both), act other than in the best interests of shareholders.

To mitigate this risk, the Group has strong case management systems and processes to identify such conflicts so that they can be avoided or appropriately managed.

The Board respects the paramount duty owed by Shine and its lawyers to the courts and their duty to act in the best interests of clients, but believes that doing so will also be in the long term best interests of Shine and its shareholders.

## Regulatory Environment

The Group operates in a regulated environment. Its business operations could be adversely affected by actions of State, Territory and Commonwealth governments, including changes in legislation, guidelines and regulations that affect the areas of law in which the Group practises.

To mitigate this risk, the Group's senior legal practitioners seek to meet with policymakers and participate in stakeholder working groups when reform is being considered in the areas of law in which the Group practises.

In addition, the Group's strategy of growing all areas of damages based plaintiff litigation helps to diversify the Group's revenue stream and lessen the impact of individual legislative reform.

## WIP and Disbursement Funding Interest Recoverability

Because the Group operates largely on a speculative fee basis and in areas of law where the ultimate recovery of fees is regulated, failure to recover WIP is a key risk. Given the inherent uncertainty associated with determining WIP recoverability, the Group has taken measures to ensure its case management systems and processes are designed to mitigate the risk of failing to realise booked revenue. This exposure is greater in relation to class actions as the WIP exposure on a single matter is higher. The Group seeks to mitigate this risk by adopting appropriate case selection methodologies and utilising litigation funding.

To mitigate risk in relation to the personal injuries practice area, case management systems and processes have been implemented to assist in improving WIP recoverability and predictability.

In the Ethicon Mesh Class Actions, a disbursement funding facility was obtained to enable Shine Lawyers to continue to act in the Class Actions. Interest was payable on the facility. On 3 August 2023, the Federal Court of Australia ordered that Shine Lawyers is not entitled to recover the full amount of interest from the settlement fund achieved on settlement of the actions. There is a risk that some or all of the interest will not be recoverable from the settlement fund, but we will make submissions in relation to recovery of an alternate amount of interest.



## Growth and Integration Risk

There is a risk that the Group may be unable to manage its future growth successfully. Historically, the Group has grown through a combination of organic growth and acquisitions. That growth strategy will continue, and may include new practice areas and locations. A variety of factors, including unexpected integration issues, might cause future growth to be implemented less successfully than it has in the past.

To mitigate this risk, the Group continually refines its growth criteria to ensure that strategic and cultural alignment, adequate financial return and integration risks are considered before expansion opportunities are approved.

## Our People

The Group depends on the talent and experience of its people. In particular, the Group's growth is reliant on attracting and retaining professional fee-earning staff. Should any of its key people or a significant number of other people leave the Group, particularly to work for a competitor, this may have an adverse effect on the Group. It may be difficult to replace them, or to do so in a timely manner or at comparable expense.

The Group continues to focus on recruiting high calibre employees closely aligned to its values. The Group attracts, retains and incentivises talent by promoting its values based culture and by providing an environment where individuals and teams are recognised, rewarded and inspired to deliver outcomes for clients.

## Brand and Reputational Risk

The success of the Group is reliant on its reputation and its brands. Anything that diminishes the Group's reputation or its brands could have a significantly adverse financial effect. In particular, the actions of the Group's employees, including breaches of relevant regulations or negligence in the provision of legal advice, could damage the Group's brands and diminish future profitability and growth.

To mitigate this risk, the Group has strong case management systems and processes to identify cases where brand and reputation risk could emerge, particularly through the initial case selection process. The Group also has a disciplined public relations process to ensure that the views of the Group are not misrepresented.

As the Group has alliances with high profile individuals, including Erin Brockovich, any harm to the reputation of those individuals may also negatively impact the Group.

## Digital Disruption and Cybersecurity

The Group monitors threats from digital technology in order to ensure that, where possible, it is positioned to respond appropriately.

Shine monitors cybersecurity threats given the potential consequences of a cybersecurity breach, including but not limited to unauthorised access or disclosure (inadvertent or otherwise) of personal information held by the Group. From time to time, the Group engages cybersecurity experts to provide an independent assessment of the Group's exposures and protective measures.

The Group has strengthened response processes, security, controls and training, including the implementation of multi-factor authentication across the business, and continues to work closely with its dedicated cybersecurity partner.

## Economic, Environmental and Social Sustainability Risks

The material economic risks associated with the Group's business are discussed above under 'WIP Recoverability' and 'Growth and Integration Risk'.

The Directors do not believe the Group has any material exposure to environmental risk.

However, the Group recognises that environmental sustainability is a critical component in a responsible and ethical management strategy and has adopted an Environmental Sustainability Policy to reflect its commitment to conducting business in an environmentally responsible manner. For further information, please refer to page 45.

Other than the risks discussed under 'Brand and Reputational Risk' above, the Directors do not believe the Group has any material exposure to social sustainability risk.

**This Directors' Report is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the Corporations Act.**

**On behalf of the Directors**

**Graham Bradley AM**

Chairman

Brisbane, 29 August 2023





## Auditor's Independence Declaration



### Auditor's Independence Declaration

As lead auditor for the audit of Shine Justice Ltd for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Shine Justice Ltd and the entities it controlled during the period.

Kim Challenor  
Partner  
PricewaterhouseCoopers

Brisbane  
29 August 2023

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## Environmental, Social and Governance (ESG) Performance



## Environmental

Shine Justice adopted an Environmental Sustainability Policy in 2020.

Shine Justice is committed to operating its business in a manner which reduces its impact on the environment, including through the following sustainability measures:



Regular consideration of environmental and sustainability issues in the consideration of potential acquisitions and new premises



High (67.45%) shareholder uptake of electronic communications



Installation of LED panels rather than fluorescent tubes



Installation of sensor lighting where possible to turn off lights in unoccupied offices



Automatic 'Energy-Saver' mode on laptops, monitors and printers when left idle



High Energy Star rating appliances



Encouraging meetings to be held online rather than involving travel where possible and appropriate



Reduction of paper consumption, including by having printers default to double sided printing and greater reliance on electronic communications and records



Carbon Neutral and Recycled copy paper



Increased range of 'Earth Saver' products from our stationery supplier, which utilise recycled materials and minimise environmental impact



Recycling of e-waste (electrical or electronic devices no longer required)



Donation of furniture no longer required where possible, to support schools and education

## Social

### Reconciliation

At Shine, we're committed to promoting Reconciliation, championing our First Nations people and increasing understanding and appreciation of Aboriginal and Torres Strait Islander cultures, histories and achievements.

Following completion of our inaugural ('Reflect') Reconciliation Action Plan (RAP), which focused on establishing foundational pieces of work on education, protocols and acknowledgements, we launched our second ('Innovate') RAP during the Financial Year. Our new RAP sets out actions we will take to create a more inclusive business and build strong, respectful and mutually beneficial relationships that create opportunities for Aboriginal and Torres Strait Islander peoples and recognise the unique contribution they make to our shared culture and heritage. Our team members are supportive and proud of the work we are undertaking under our RAP.

We celebrated National Reconciliation Week and encouraged all teams to share morning tea to commemorate the significance of the week.





We continued our partnership with a university to support First Nations law students and are exploring options to engage with a second university.

First Nations artwork has been commissioned and installed in several of our premises.

We celebrated NAIDOC Week at the Musgrave Park Family Fun Day, the single largest celebration of Aboriginal and Torres Strait Islander culture during NAIDOC Week in Brisbane. We raffled an original painting by local Fitzroy Crossing artist Jack Jnr Macale Loodgebuddunge, 'The Serpent', raising much-needed funding for the Foundation for Indigenous Sustainable Health and their Fitzroy Flood Relief, supporting communities devastated by the Fitzroy River floods earlier this year.

During the Financial Year, we achieved a \$50.45 million in an historic action against the Commonwealth of Australia for family members and deceased estates of the Northern Territory Stolen Generations and a \$22 million settlement in another historic action against the Department of Defence for losses to property value and use and enjoyment of land and cultural loss due to exposure to firefighting foam in and around Wreck Bay in the Jervis Bay Territory.

We continue to represent Indigenous clients in class actions to recover stolen wages in Western Australia and the Northern Territory.



NAIDOC Week Musgrave Park Family Fun Day



## Diversity and Inclusion

We formalised our ongoing commitment to a diverse and inclusive workplace and community by launching our Diversity, Equity and Inclusion (DEI) Plans for the next three years. Over the next 12 months, our focus will be on gathering data to inform our DEI goals, developing a program of work, providing our people with further consultation opportunities including the formation of a DEI Committee, providing opportunities for our people to learn and grow, driving a sense of belonging, safety and respect in our culture and supporting key events to recognise and celebrate the diversity of our people.

Coinciding with the launch of our DEI plan was International Women's Day and Harmony Week, with teams across Shine eagerly showing their support.



Team members from Brisbane CBD celebrating Harmony Week

## Shine A Light Foundation

The Group's philanthropic initiative, the Shine A Light Foundation, awarded a \$15,000 grant to new charity partner, The Good Box, an Australian charity and social enterprise dedicated to helping people experiencing homelessness receive vital resources with dignity.

The Good Box provides beautifully packaged boxes to those in need, filled with quality essential items such as food and hygiene products to help those experiencing homelessness get through tough times.



During the Financial Year, our teams eagerly participated in sandwich-making sessions to support then charity partner Eat Up, Australia's only organisation providing free lunches for students on a national basis. Their mission is to feed hungry school students so they can grow, learn and succeed.



A mammoth sandwich making effort by the Shine Lawyers Sydney team

## Abuse and dust disease work

Shine undertakes significant and growing work representing survivors of abuse. We have expanded our growing abuse practice into South Australia, where we are fighting for justice for survivors abused in detention.

Our Dust Diseases team is continuing to lead the way in compensation claims for workers suffering from silicosis, a serious and potentially deadly lung disease impacting miners, stonemasons and construction and tunnelling industry workers.

Our team has been at the forefront of pioneering compensation outcomes for silica induced autoimmune diseases, including scleroderma, rheumatoid arthritis and lupus. The team hosted a Silica Induced Diseases seminar at which world-renowned UK Epidemiologist and Rheumatologist Professor Alan Silman presented the keynote address. The event brought together some of the leading minds in the field of silica-induced diseases and provided a unique opportunity to highlight our achievements in this complex area of the law and establish long-lasting relationships with key medical experts in respiratory and rheumatological medicine.



Our Dust Diseases team with Professor Alan Silman

## Modern Slavery

The Board has adopted a Modern Slavery Policy and Supplier Code of Conduct to reflect its commitment to protecting human rights. Shine lodged its third Modern Slavery Statement under the Modern Slavery Act 2018 with the Department of Home Affairs in December 2022.



## Governance

The Board recognises the positive relationship between the creation and delivery of long-term shareholder value and corporate governance. Shine's corporate governance framework fosters the values of integrity, respect, trust and openness among and between the Board members, management, employees, clients, suppliers and shareholders.

Shine's Corporate Governance Statement is set out on the following pages.



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## Corporate Governance Statement

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (fourth edition) (Principles and Recommendations) set out recommended corporate governance practices for ASX listed entities. The Principles and Recommendations state that they are designed to 'achieve good governance outcomes and meet the reasonable expectations of most investors in most situations'. The following assessment of the Group's practice against the Principles and Recommendations as at 30 June 2023 has been approved by the Board.





## Principles and Recommendations

## Shine Justice Group's Compliance

**Principle 1****Lay solid foundations for management and oversight:**

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

|     |                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |   |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| 1.1 | <p>A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> <li>a. the respective roles and responsibilities of its board and management; and</li> <li>b. those matters expressly reserved to the board and those delegated to management.</li> </ul>                                                                                  | <p>The Board is responsible for demonstrating leadership and for the overall strategic guidance and corporate governance of the Shine Justice Group. It has distinguished which functions and responsibilities are reserved for the Board and those which are delegated to management. These are set out in the Board Charter, which also sets out the role of the Chairman, Directors and management. The Board Charter is available on the Company's website (shinejustice.com.au).</p>                                                                                                                                           | ✓ |
| 1.2 | <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a. undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</li> <li>b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or reelect a director.</li> </ul> | <p>Shine Justice conducts appropriate checks to verify the suitability of candidates considered for nomination to the Board, having regard to each candidate's character, experience, education and skills, in addition to any interests and associations of the candidate.</p> <p>Comprehensive biographical information is provided to shareholders in notices of meeting to enable them to make an informed decision on whether to elect or re-elect a Director.</p>                                                                                                                                                             | ✓ |
| 1.3 | <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>                                                                                                                                                                                                                                                 | <p>All Directors and senior executives have a written agreement which formalises the terms of their appointment.</p> <p>Each Director commits to a letter of appointment which specifies the term of their appointment, the envisaged time commitment, expectations and duties relating to the position, remuneration, disclosure and confidentiality obligations, insurance and indemnity entitlements and details of the Group's corporate governance policies.</p> <p>Each member of the Leadership Team enters into a contract which describes their role and duties, remuneration and termination rights and entitlements.</p> | ✓ |
| 1.4 | <p>The company secretary of a listed entity should be accountable directly to the board on all matters to do with the proper functioning of the board.</p>                                                                                                                                                                                                                                 | <p>The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the functioning of the Board. The Board is responsible for the appointment and removal of the Company Secretary and all Directors are able to access the advice and services of the Company Secretary.</p> <p>Details of the Company Secretary's qualifications and experience are available on the Company's website and are set out on page 16.</p>                                                                                                                                                        | ✓ |

| Principles and Recommendations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Shine Justice Group's Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |          |                                                                                                                                                        |                                                                                                                                                                                                                                                                       |                                                                                                |                                                                                             |                                                                           |                                                                                                                                                                             |                                                           |                                                                                                                                       |              |
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| <div>1.5</div> <div>A listed entity should:</div> <div><div>a.</div>have and disclose a diversity policy;</div> <div><div>b.</div>through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</div> <div><div>c.</div>disclose in relation to each reporting period:<div><div>1.</div>the measurable objectives set for that period to achieve gender diversity;</div><div><div>2.</div>the entity's progress towards achieving those objectives; and</div><div><div>3.</div>relevantly, the respective proportions of men and women on the board, in senior executive positions and across the whole workforce.</div></div> | <div>Shine Justice aims to actively promote a culture that supports diversity in the workplace, in the composition of its Board and senior management and throughout the Group. Shine Justice defines diversity as including, but not limited to, diversity of gender, age, ethnicity and cultural background.</div> <div>Shine Justice's Diversity Policy is disclosed on the Company's website and sets out its objectives and reporting practices regarding diversity.</div> <div>The Nomination and Remuneration Committee reviews and reports to the Board on the Group's diversity profile with a view to setting meaningful targets for the advancement of diversity within the Group. At present, the targets include to:</div> <table><thead><tr><th>Target</th><th>Progress</th></tr></thead><tbody><tr><td><b>Maintain female representation on the Board of at least 25% of the Non-executive Directors, with a view to increasing that percentage over time</b></td><td>The Board currently includes one female Director (25% of the Non-executive Directors). While an increase in that percentage is targeted over time, the size and constitution of the Board is considered appropriate for the size and needs of the Group at this time.</td></tr><tr><td><b>Analyse gender pay parity across the Group with a view to resolving any inconsistencies</b></td><td>Work is continuing in this regard, with good progress made in reducing any inconsistencies.</td></tr><tr><td><b>Implement the Group's second (Innovate) Reconciliation Action Plan</b></td><td>The Group adopted its second ('Innovate') Reconciliation Action Plan, with good progress made against the actions committed to in the plan (refer page 45 for more detail).</td></tr><tr><td><b>Introduce a formal Inclusion and Diversity Program</b></td><td>Our Diversity, Equity and Inclusion plan will be developed and implemented over the next three years (refer page 46 for more detail).</td></tr></tbody></table> <div>As at 30 June 2023:</div> <div><div>•</div>20% of the Board members were women (25% of the Non-executive Directors);</div> <div><div>•</div>54% of the Leadership Team were female; and</div> <div><div>•</div>78% of the Group's team members were female.</div> | Target       | Progress | <b>Maintain female representation on the Board of at least 25% of the Non-executive Directors, with a view to increasing that percentage over time</b> | The Board currently includes one female Director (25% of the Non-executive Directors). While an increase in that percentage is targeted over time, the size and constitution of the Board is considered appropriate for the size and needs of the Group at this time. | <b>Analyse gender pay parity across the Group with a view to resolving any inconsistencies</b> | Work is continuing in this regard, with good progress made in reducing any inconsistencies. | <b>Implement the Group's second (Innovate) Reconciliation Action Plan</b> | The Group adopted its second ('Innovate') Reconciliation Action Plan, with good progress made against the actions committed to in the plan (refer page 45 for more detail). | <b>Introduce a formal Inclusion and Diversity Program</b> | Our Diversity, Equity and Inclusion plan will be developed and implemented over the next three years (refer page 46 for more detail). | <div>✓</div> |
| Target                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |              |          |                                                                                                                                                        |                                                                                                                                                                                                                                                                       |                                                                                                |                                                                                             |                                                                           |                                                                                                                                                                             |                                                           |                                                                                                                                       |              |
| <b>Maintain female representation on the Board of at least 25% of the Non-executive Directors, with a view to increasing that percentage over time</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | The Board currently includes one female Director (25% of the Non-executive Directors). While an increase in that percentage is targeted over time, the size and constitution of the Board is considered appropriate for the size and needs of the Group at this time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |          |                                                                                                                                                        |                                                                                                                                                                                                                                                                       |                                                                                                |                                                                                             |                                                                           |                                                                                                                                                                             |                                                           |                                                                                                                                       |              |
| <b>Analyse gender pay parity across the Group with a view to resolving any inconsistencies</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Work is continuing in this regard, with good progress made in reducing any inconsistencies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |          |                                                                                                                                                        |                                                                                                                                                                                                                                                                       |                                                                                                |                                                                                             |                                                                           |                                                                                                                                                                             |                                                           |                                                                                                                                       |              |
| <b>Implement the Group's second (Innovate) Reconciliation Action Plan</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | The Group adopted its second ('Innovate') Reconciliation Action Plan, with good progress made against the actions committed to in the plan (refer page 45 for more detail).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |          |                                                                                                                                                        |                                                                                                                                                                                                                                                                       |                                                                                                |                                                                                             |                                                                           |                                                                                                                                                                             |                                                           |                                                                                                                                       |              |
| <b>Introduce a formal Inclusion and Diversity Program</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Our Diversity, Equity and Inclusion plan will be developed and implemented over the next three years (refer page 46 for more detail).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |              |          |                                                                                                                                                        |                                                                                                                                                                                                                                                                       |                                                                                                |                                                                                             |                                                                           |                                                                                                                                                                             |                                                           |                                                                                                                                       |              |
| <div>1.6</div> <div>A listed entity should</div> <div><div>a.</div>have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</div> <div><div>b.</div>disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</div>                                                                                                                                                                                                                                                                                                                                                        | <div>The Board regularly undertakes an evaluation process to assess its performance, including periodic assessments conducted by an independent third party consultant who seeks Board and management feedback on the performance of the Board and Board committees, as well as feedback on individual Directors and the Group's reporting and governance practices.</div> <div>The Board renewal process which was completed in 2020 included a detailed evaluation of the skills, knowledge, experience, independence and diversity required to ensure that the renewed Board and its Committees are ideally placed to perform their governance and other functions. A further internal evaluation process was conducted during 2023 to ensure that this remains the case.</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <div>✓</div> |          |                                                                                                                                                        |                                                                                                                                                                                                                                                                       |                                                                                                |                                                                                             |                                                                           |                                                                                                                                                                             |                                                           |                                                                                                                                       |              |



| Principles and Recommendations                                                                                                                                                                                                                                                                                                                                                                                                | Shine Justice Group's Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <p><b>1.7</b> A listed entity should:</p> <ul style="list-style-type: none"> <li><b>a.</b> have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li><b>b.</b> disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that reporting period.</li> </ul> | <p>The Nomination and Remuneration Committee is responsible for evaluating the performance of the Key Management Personnel. The Chairman is also responsible for reviewing the performance of the Managing Director &amp; CEO.</p> <p>A review of the performance of the Key Management Personnel in FY23 has been undertaken.</p>                                                                                                                                                                                                                                                                                 |    |
| <p><b>Principle 2</b></p> <p><b>Structure the Board to be effective and add value:</b></p> <p>The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</p>                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                       |
| <p><b>2.1</b> The board of a listed entity should:</p> <ul style="list-style-type: none"> <li><b>a.</b> have a nomination committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director; and</li> <li><b>b.</b> disclose the charter, members and meeting attendance of the committee.</li> </ul>                                                        | <p>A Nomination and Remuneration Committee with its own charter and consisting of all three of the independent Directors was in place during the Financial Year. The Nomination and Remuneration Committee was chaired at all times by an independent Director (Graham Bradley) during the Financial Year. Details of the Nomination and Remuneration Committee's functions are set out in the Nomination and Remuneration Committee Charter which is available on the Company's website.</p> <p>Details of the number of meetings and attendance by the Directors at those meetings are disclosed on page 13.</p> |  |

**Principles and Recommendations****Shine Justice Group's Compliance**

- 2.2** A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The skills, knowledge and experience set out in the table below have been identified as those that are required for the effective management of the Group. The Board possesses broad coverage of these skills and attributes.

Further details regarding the skills and experience of each Director are included on pages 14 and 15.

**Directors' Skill****Governance**

Experience with listed company governance principles and practices.

**Financial Literacy**

Experience with public company financial reporting and accounting and internal financial controls.

**Strategy Development**

Experience in developing and implementing effective competitive strategies in service-based industries.

**Public Policy and Regulation**

Knowledge of the ethical principles and regulations applicable to professional legal services.

**Risk and Compliance**

Experience in oversight of business risks and regulatory compliance applicable to legal practices.

**Industry Experience**

Knowledge of the commercial and societal dynamics that determine supply and demand in the market for legal services.

**People Management and Remuneration**

Experience in managing a people-intensive business with a sound organisational culture and strong corporate values and designing effective remuneration policies to support values and performance.

**Innovation**

Experience in overseeing technological change and innovation.

**Mergers and Acquisitions**

Experience in oversight of strategic acquisitions and integration of acquired businesses.





| Principles and Recommendations |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Shine Justice Group's Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |   |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <b>2.3</b>                     | <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li><b>a.</b> the names of the directors that the board considers to be independent directors; and</li> <li><b>b.</b> if a director has an interest, position or relationship of the type described in Box 2.3 of the Principles and Recommendations, but the board is of the opinion that it does not compromise the director's independence, the nature of the interest, position and relationship and an explanation of why the board is of that opinion; and</li> <li><b>c.</b> the length of service of each director.</li> </ul> | <p>The Group currently has a five member Board, of whom three (Graham Bradley AM, Teresa Dyson and David Bayes) are considered to be independent.</p> <p>Non-executive Director Rod Douglas provides limited consultancy services to the Group, so is not currently classified by the Board as independent.</p> <p>None of the Directors who are considered to be independent has an interest, position or relationship described in Box 2.3 of the Principles and Recommendations.</p> <p>The date of appointment of each Director and details of their skills and experience are set out on pages 13 to 15 and on the Website.</p>                                                       | ✓ |
| <b>2.4</b>                     | A majority of the board of a listed company should be independent directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>Three of the five Board members are considered to be independent – Graham Bradley AM, Teresa Dyson and David Bayes.</p> <p>In accordance with the Board Charter which is available on the Company's website, a Director is considered independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgment in relation to matters concerning the Company.</p> <p>Non-executive Director Rod Douglas provides limited consultancy services to the Group, so is not currently classified by the Board as independent.</p> | ✓ |
| <b>2.5</b>                     | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>The Chairman, Graham Bradley AM, is an independent Non-executive Director.</p> <p>Simon Morrison is the Group's Managing Director &amp; CEO.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ✓ |
| <b>2.6</b>                     | A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.                                                                                                                                                                                                                                                                                                                                 | <p>The Nomination and Remuneration Committee is responsible for induction and continuous development programs for Directors.</p> <p>Directors are encouraged to undertake continuing professional development activities each year and to join appropriate professional associations in order to continually develop and enhance their respective levels of industry knowledge, technical knowledge and other skills required to discharge their role effectively.</p>                                                                                                                                                                                                                     | ✓ |



## Principles and Recommendations

## Shine Justice Group's Compliance

**Principle 3****Instil a culture of acting lawfully, ethically and responsibly:**

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

|            |                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                            |   |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <b>3.1</b> | A listed entity should articulate and disclose its values.                                                                                                                                                                                                                                              | The Shine Justice Group's values are integral to its operations at all levels. They are included on its intranet and website and are embedded regularly throughout the business in a variety of formats. They appear on page 5 of this report.                                                                                                                                                             | ✓ |
| <b>3.2</b> | A listed entity should: <ul style="list-style-type: none"> <li><b>a.</b> have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li><b>b.</b> ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul> | <p>Shine Justice has a Code of Conduct for Directors, executives, employees, consultants and contractors which sets out the fundamental principles of business conduct expected by the Company. The Code of Conduct is available on the Website.</p> <p>Any material breaches of the Code of Conduct are reported to the Audit &amp; Risk Management Committee. No breaches were reported during FY23.</p> | ✓ |
| <b>3.3</b> | A listed entity should: <ul style="list-style-type: none"> <li><b>a.</b> have and disclose a whistleblower policy; and</li> <li><b>b.</b> ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>                                | <p>The Shine Justice Group has a Whistleblower Policy under which any unlawful, unethical or improper conduct may be reported, including anonymously and to an independent external body.</p> <p>Any material incidents reported under the policy are reported to the Audit &amp; Risk Management Committee. No incidents were reported during FY23.</p>                                                   | ✓ |
| <b>3.4</b> | A listed entity should: <ul style="list-style-type: none"> <li><b>a.</b> have and disclose an anti-bribery and corruption policy; and</li> <li><b>b.</b> ensure that the board or a committee of the board is informed of any material breaches of that policy.</li> </ul>                              | <p>The Shine Justice Group's anti-bribery and corruption policy is included in its Code of Conduct.</p> <p>Any material breaches of the policy are reported to the Audit &amp; Risk Management Committee. No breaches were reported during FY23.</p>                                                                                                                                                       | ✓ |



## Principles and Recommendations

## Shine Justice Group's Compliance

**Principle 4****Safeguard the integrity of corporate reports:**

A listed entity should have appropriate processes in place to verify the integrity of its corporate reports.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <p><b>4.1</b> The board of a listed entity should:</p> <ul style="list-style-type: none"> <li><b>a.</b> have an audit committee with at least three members, all of whom are non-executive directors and a majority of whom are independent directors, is chaired by an independent director who is not the chair of the board; and</li> <li><b>b.</b> disclose the charter of the committee, the qualifications and experience of its members and their attendance at committee meetings.</li> </ul>                                                                                         | <p>The Board has an Audit &amp; Risk Management Committee, comprised of the three independent Non-executive Directors and chaired by an independent Non-executive Director (Teresa Dyson). Further details about the membership of the Audit &amp; Risk Management Committee, including the names and qualifications of its members, are set out on pages 14 and 15.</p> <p>The Charter of the Audit &amp; Risk Management Committee is available on the Company's website along with information about its members. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 13 for FY23.</p> |    |
| <p><b>4.2</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> | <p>The Managing Director &amp; CEO and the CFO each provide a statement to the Board and the Audit &amp; Risk Management Committee in advance of seeking approval of any financial report to the effect that the Group's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.</p> <p>In accordance with the above, the Board has received a written assurance that the declaration provided under section 295A of the Corporations Act is based on a sound system of internal control and risk management, which is operating effectively in all respects in relation to material business risks and financial reporting.</p>  |  |
| <p><b>4.3</b> A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>                                                                                                                                                                                                                                                                                                                                                                                      | <p>The Group's half year financial statements are reviewed by its external auditor and its full year financial statements are audited by its external auditors.</p> <p>A verification process is undertaken in relation to the Directors' Report and any part of this document which is not audited, to ensure that it is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions. The process includes compiling a record of verification material for any material statement of fact.</p>                                                                                                                                               |  |



## Principles and Recommendations

## Shine Justice Group's Compliance

**Principle 5****Make timely and balanced disclosure:**

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

|            |                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                               |   |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <b>5.1</b> | A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.                                                                | The Company has a Continuous Disclosure Policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the Listing Rules. The policy sets out the processes and practices that ensure compliance with these requirements.<br><br>The Continuous Disclosure Policy is published on the Company's website. | ✓ |
| <b>5.2</b> | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.                                                                     | In accordance with the Continuous Disclosure Policy, material market announcements are approved by the Directors in advance whenever practicable. If for any reason that is not possible, they receive a copy immediately following release.                                                                                                                                                                  | ✓ |
| <b>5.3</b> | A listed entity that gives a new and substantial investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | New and substantial investor or analyst presentations are released to the market ahead of presentation.                                                                                                                                                                                                                                                                                                       | ✓ |

**Principle 6****Respect the rights of security holders:**

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

|            |                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |   |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <b>6.1</b> | A listed entity should provide information about itself and its governance to investors via its website.                                              | The Company's website contains information about the Company, its values and business activities and other information relevant to investors.<br><br>Investors may access copies of ASX announcements, notices of meeting and annual reports, as well as general information about the Company, on the Website.                                                                                                                                                                                                    | ✓ |
| <b>6.2</b> | A listed entity should have an investor relations program that facilitates effective two-way communication with investors.                            | The Company conducts regular market briefings, including interim and full year results presentations, investor roadshows and briefings and also attends industry conferences in order to facilitate communication with investors and other stakeholders. Presentation material is provided to ASX and uploaded to the Website to ensure that all shareholders have timely access to information. The Company aims to ensure that all shareholders are well informed of all major developments affecting the Group. | ✓ |
| <b>6.3</b> | A listed entity should disclose how it facilitates and encourage participation at meetings of security holders.                                       | Shareholders are encouraged to attend the Company's annual general meeting and to ask questions of Directors. The notice of meeting includes a process to enable shareholders to submit questions to the Board and the Company's auditor prior to the meeting.                                                                                                                                                                                                                                                     | ✓ |
| <b>6.4</b> | A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | All resolutions at the Company's general meetings are decided by a poll.                                                                                                                                                                                                                                                                                                                                                                                                                                           | ✓ |



| Principles and Recommendations                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                 | Shine Justice Group's Compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <b>6.5</b>                                                                                                                                                                                 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                                                                                                                                                                                                                                                        | Shine provides its investors with the option to receive communications from, and send communications to, the Company and the share registry electronically.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ✓ |
| <b>Principle 7</b><br><b>Recognise and manage risk:</b><br>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework. |                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |   |
| <b>7.1</b>                                                                                                                                                                                 | The board should <ul style="list-style-type: none"> <li><b>a.</b> have a committee to oversee risk which has at least three members, a majority of whom are independent directors and is chaired by an independent director; and</li> <li><b>b.</b> disclose the charter, members and meeting attendance of the committee.</li> </ul>                                                                                           | The Board has an Audit & Risk Management Committee, comprised of the three independent Non-executive Directors and chaired by an independent Non-executive Director (Teresa Dyson). Further details about the membership of the Audit & Risk Management Committee, including the names and qualifications of its members, are set out on pages 14 and 15.<br><br>The Charter of the Audit & Risk Management Committee is available on the Website along with information about its members. The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 13 for FY23.                                     | ✓ |
| <b>7.2</b>                                                                                                                                                                                 | The board or a committee of the board should: <ul style="list-style-type: none"> <li><b>a.</b> review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</li> <li><b>b.</b> disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul> | The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis and is assisted by the Audit & Risk Management Committee where required.<br><br>A review of material business risks has been conducted in the Financial Year, which concluded that controls over risk management processes were adequate and effective.                                                                                                                                                                                                                                                                                                           | ✓ |
| <b>7.3</b>                                                                                                                                                                                 | A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs.                                                                                                                                                                                                                                                                                                 | The Company has an Internal Audit function which reports directly to the Chair of the Audit & Risk Management Committee in order to maintain independence. The Internal Audit & Risk Manager reviews the systems of internal control and risk management to ensure compliance with the Group's published policies and procedures and its legal and regulatory obligations.<br><br>Reviews of specific areas of risk or control are undertaken by a combination of internal and external parties on an ad-hoc basis and by the Company's internal and external auditors as required for the Group's audit. Improvements are made where identified to increase the effectiveness of the Group's internal controls. | ✓ |
| <b>7.4</b>                                                                                                                                                                                 | A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.                                                                                                                                                                                                                                                         | The Group's exposure to material business risks is disclosed in the Directors' Report on pages 40 and 41. The Directors do not believe the Group has any material exposure to environmental or social risks.<br><br>The Group has adopted an Environmental Sustainability Policy and a Modern Slavery Policy (and supporting Supplier Code of Conduct), each of which appear on the Website. Shine Justice has lodged Modern Slavery Statements with the Department of Home Affairs in accordance with the <i>Modern Slavery Act 2018</i> .<br><br>Further information about the Group's environmental, social and governance profile is set out on page 44.                                                     | ✓ |



## Principles and Recommendations

## Shine Justice Group's Compliance

**Principle 8****Remunerate fairly and responsibly:**

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

|                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>8.1</b> The board should: <ul style="list-style-type: none"> <li><b>a.</b> have a remuneration committee which has at least three members, the majority of whom are independent directors and which is chaired by an independent director; and</li> <li><b>b.</b> disclose the charter, members and meeting attendance of the committee.</li> </ul>                                                          | <p>A Nomination and Remuneration Committee, consisting of all three independent Directors and chaired by an independent Director, assisted the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and Non-executive Directors, during the Financial Year.</p> <p>The number of meetings held by the Committee and the Directors' attendance at meetings is disclosed each year in the Group's annual report and can be found on page 13 for FY23. The Charter of the Committee is available on the Website.</p> |    |
| <b>8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors, and the remuneration of executive directors and other senior executives.                                                                                                                                                                                                | <p>The Company seeks to attract and retain high-performing Directors and executives with the experience, skills and qualifications necessary to add value to the Company and fulfil the roles required. Accordingly, the Company seeks to recruit by offering remuneration which is competitive for comparable executive roles.</p> <p>Further information about key factors affecting Director and executive remuneration are disclosed each year in the Remuneration Report which can be found commencing on page 18.</p>                                                                                                        |  |
| <b>8.3</b> A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li><b>a.</b> have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li><b>b.</b> disclose that policy or a summary of it.</li> </ul> | <p>Details of the Group's equity based remuneration scheme are set out in the Remuneration Report commencing on page 18.</p> <p>The equity based remuneration scheme prohibits transactions which conflict with the Group's Securities Trading Policy (which prohibits Directors and executives from entering into margin lending arrangements or short-term trading in relation to Company securities). A copy of the Securities Trading Policy is available on the Website.</p>                                                                                                                                                  |  |

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## Financial Report





**Financial statements**

These financial statements are consolidated financial statements for the Group consisting of Shine Justice Ltd and its subsidiaries. A list of subsidiaries is included in note 14.

The financial statements are presented in Australian currency.

Shine Justice Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Shine Justice Ltd  
Level 13, 160 Ann Street  
Brisbane QLD 4000

The financial statements were authorised for issue by the Directors on 29 August 2023. The Directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our Investors Centre on our website: [www.shinejustice.com.au](http://www.shinejustice.com.au).

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## Consolidated statement of profit or loss

|                                                                                                                             | Notes      | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------------------------------------------------------------------------------|------------|----------------|----------------|
| <b>Continuing operations</b>                                                                                                |            |                |                |
| Revenue from contracts with customers                                                                                       | 3(a)       | 228,547        | 213,186        |
| Other income                                                                                                                | 3(b)&4(a)  | 3,093          | 1,946          |
| Employee benefits expense                                                                                                   |            | (122,198)      | (111,577)      |
| Depreciation and amortisation expense                                                                                       |            | (16,163)       | (13,039)       |
| Finance costs                                                                                                               | 4(d)       | (7,703)        | (5,346)        |
| Fair value losses on unbilled disbursements                                                                                 | 6(i)       | (40,361)       | (4,551)        |
| Other expenses                                                                                                              | 4(c)       | (39,250)       | (35,576)       |
| <b>Profit before income tax</b>                                                                                             |            | <b>5,965</b>   | 45,043         |
| Income tax expense                                                                                                          | 5          | (2,653)        | (13,560)       |
| <b>Profit from continuing operations</b>                                                                                    |            | <b>3,312</b>   | 31,483         |
| (Loss)/profit from discontinued operations (attributable to equity holders of the company)                                  | 13         | -              | (270)          |
| <b>Profit for the period</b>                                                                                                |            | <b>3,312</b>   | 31,213         |
| <b>Profit is attributable to:</b>                                                                                           |            |                |                |
| Owners of Shine Justice Ltd                                                                                                 | 8(d)&21(c) | 3,315          | 31,143         |
| Non-controlling interest                                                                                                    | 14(b)      | (3)            | 70             |
|                                                                                                                             |            | <b>3,312</b>   | 31,213         |
|                                                                                                                             |            | <b>Cents</b>   | <b>Cents</b>   |
| <b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:</b> |            |                |                |
| Basic earnings per share                                                                                                    | 21(a)      | 1.92           | 18.17          |
| Diluted earnings per share                                                                                                  | 21(b)      | 1.87           | 17.59          |
| <b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>                            |            |                |                |
| Basic earnings per share                                                                                                    | 21(a)      | 1.92           | 18.02          |
| Diluted earnings per share                                                                                                  | 21(b)      | 1.87           | 17.44          |

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## Consolidated statement of comprehensive income

|                                                                                                           | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------------------------------------------------------------|-------|----------------|----------------|
| <b>Profit for the period</b>                                                                              |       | <b>3,312</b>   | 31,213         |
| <b>Other comprehensive income</b>                                                                         |       |                |                |
| <i>Items that may be reclassified to profit or loss</i>                                                   |       |                |                |
| Changes in the fair value of cash flow hedges                                                             | 8(c)  | (621)          | 2,019          |
| Income tax relating to changes in fair value of cash flow hedges                                          | 8(c)  | 186            | (606)          |
| Exchange differences on translation of foreign operations                                                 | 8(c)  | 60             | 5              |
| <b>Other comprehensive income for the period, net of tax</b>                                              |       | <b>(375)</b>   | 1,418          |
| <b>Total comprehensive income for the period</b>                                                          |       | <b>2,937</b>   | 32,631         |
| <b>Total comprehensive income for the period is attributable to:</b>                                      |       |                |                |
| Owners of Shine Justice Ltd                                                                               |       | 2,940          | 32,561         |
| Non-controlling interest                                                                                  | 14(b) | (3)            | 70             |
|                                                                                                           |       | <b>2,937</b>   | 32,631         |
| <b>Total comprehensive income for the period attributable to owners of Shine Justice Ltd arises from:</b> |       |                |                |
| Continuing operations                                                                                     |       | 2,940          | 32,831         |
| Discontinued operations                                                                                   |       | -              | (270)          |
|                                                                                                           |       | <b>2,940</b>   | 32,561         |

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## Consolidated balance sheet

|                                                             | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                                               |       |                |                |
| <b>Current assets</b>                                       |       |                |                |
| Cash and cash equivalents                                   | 6(c)  | 21,088         | 51,864         |
| Trade and other receivables                                 | 6(a)  | 12,796         | 15,131         |
| Contract assets – work in progress                          | 3(c)  | 210,521        | 181,598        |
| Income tax receivable                                       | 7(e)  | 2,095          | -              |
| Derivative financial instrument                             | 6(e)  | 1,398          | 893            |
| Unbilled disbursements                                      | 6(d)  | 53,812         | 76,070         |
| Other financial assets at amortised cost                    | 6(b)  | 1              | 312            |
| Other financial assets at fair value through profit or loss | 6(e)  | 1,894          | 2,182          |
| Other current assets                                        | 7(f)  | 4,493          | 4,653          |
| <b>Total current assets</b>                                 |       | <b>308,098</b> | <b>332,703</b> |
| <b>Non-current assets</b>                                   |       |                |                |
| Trade and other receivables                                 | 6(a)  | 536            | 623            |
| Contract assets – work in progress                          | 3(c)  | 170,412        | 150,878        |
| Unbilled disbursements                                      | 6(d)  | 35,240         | 28,179         |
| Investment in unlisted entity                               |       | 100            | 100            |
| Plant and equipment                                         | 7(a)  | 5,078          | 3,614          |
| Derivative financial instrument                             | 6(e)  | -              | 1,126          |
| Other financial assets at amortised cost                    | 6(b)  | 6,243          | 5,041          |
| Other financial assets at fair value through profit or loss | 6(e)  | 9,452          | 9,974          |
| Right-of-use assets                                         | 7(b)  | 39,070         | 34,108         |
| Intangible assets                                           | 7(c)  | 47,068         | 46,998         |
| <b>Total non-current assets</b>                             |       | <b>313,199</b> | <b>280,641</b> |
| <b>Total assets</b>                                         | 2(d)  | <b>621,297</b> | <b>613,344</b> |

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## Consolidated balance sheet (continued)

|                                                                             | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------------------------------|-------|----------------|----------------|
| <b>LIABILITIES</b>                                                          |       |                |                |
| <b>Current liabilities</b>                                                  |       |                |                |
| Trade and other payables                                                    | 6(f)  | 12,886         | 14,507         |
| Disbursement creditors                                                      | 6(f)  | 94,781         | 99,357         |
| Borrowings                                                                  | 6(h)  | 64,424         | 5,196          |
| Lease liabilities                                                           | 7(b)  | 16,449         | 9,102          |
| Other current financial liabilities                                         | 6(f)  | 660            | 134            |
| Current tax liabilities                                                     | 7(e)  | -              | 233            |
| Employee benefit obligations                                                | 7(g)  | 10,596         | 9,989          |
| Provisions                                                                  | 7(h)  | 115            | 215            |
| <b>Total current liabilities</b>                                            |       | <b>199,911</b> | <b>138,733</b> |
| <b>Non-current liabilities</b>                                              |       |                |                |
| Trade and other payables                                                    | 6(f)  | -              | 1,696          |
| Borrowings                                                                  | 6(h)  | -              | 45,000         |
| Lease liabilities                                                           | 7(b)  | 31,007         | 33,416         |
| Deferred tax liabilities                                                    | 7(d)  | 116,083        | 113,823        |
| Employee benefit obligations                                                | 7(g)  | 1,364          | 1,357          |
| Provisions                                                                  | 7(h)  | 2,088          | 1,515          |
| <b>Total non-current liabilities</b>                                        |       | <b>150,542</b> | <b>196,807</b> |
| <b>Total liabilities</b>                                                    | 2(e)  | <b>350,453</b> | <b>335,540</b> |
| <b>Net assets</b>                                                           |       | <b>270,844</b> | <b>277,804</b> |
| <b>EQUITY</b>                                                               |       |                |                |
| Share capital                                                               | 8(a)  | 53,223         | 53,223         |
| Other equity                                                                | 8(b)  | (765)          | (1,325)        |
| Reserves                                                                    | 8(c)  | 1,551          | 3,720          |
| Retained earnings                                                           | 8(d)  | 216,672        | 222,020        |
| <b>Capital and reserves attributable to the owners of Shine Justice Ltd</b> |       | <b>270,681</b> | <b>277,638</b> |
| Non-controlling interest                                                    | 14(b) | 163            | 166            |
| <b>Total equity</b>                                                         |       | <b>270,844</b> | <b>277,804</b> |

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## Consolidated statement of changes in equity

### Attributable to owners of Shine Justice Ltd

|                                                              | Notes | Share capital<br>\$'000 | Other equity<br>\$'000 | Retained earnings<br>\$'000 | Foreign exchange reserves<br>\$'000 | Hedging reserve<br>\$'000 | Equity share reserves<br>\$'000 | Non-controlling interest<br>\$'000 | Non-controlling interest reserve<br>\$'000 | Total equity<br>\$'000 |
|--------------------------------------------------------------|-------|-------------------------|------------------------|-----------------------------|-------------------------------------|---------------------------|---------------------------------|------------------------------------|--------------------------------------------|------------------------|
| <b>Balance at 1 July 2021</b>                                |       | 53,223                  | (62)                   | 200,840                     | (539)                               | -                         | 1,538                           | 141                                | -                                          | 255,141                |
| Profit for the period                                        |       | -                       | -                      | 31,143                      | -                                   | -                         | -                               | 70                                 | -                                          | 31,213                 |
| Other comprehensive income                                   | 8(c)  | -                       | -                      | -                           | 5                                   | 1,413                     | -                               | -                                  | -                                          | 1,418                  |
| <b>Total comprehensive income for the period</b>             |       | -                       | -                      | 31,143                      | 5                                   | 1,413                     | -                               | 70                                 | -                                          | 32,631                 |
| <b>Transactions with owners in their capacity as owners:</b> |       |                         |                        |                             |                                     |                           |                                 |                                    |                                            |                        |
| Dividends paid                                               | 12(b) | -                       | -                      | (9,963)                     | -                                   | -                         | -                               | -                                  | -                                          | (9,963)                |
| Acquisition of treasury shares                               | 8(b)  | -                       | (2,436)                | -                           | -                                   | -                         | -                               | -                                  | -                                          | (2,436)                |
| Allocation of shares to employees                            | 8(b)  | -                       | 1,173                  | -                           | -                                   | -                         | (1,173)                         | -                                  | -                                          | -                      |
| Share schemes – value of services                            | 19(b) | -                       | -                      | -                           | -                                   | -                         | 2,547                           | -                                  | -                                          | 2,547                  |
|                                                              |       | -                       | (1,263)                | (9,963)                     | -                                   | -                         | 1,374                           | -                                  | -                                          | (9,852)                |
| <b>Non-Controlling Interest acquired</b>                     |       | -                       | -                      | -                           | -                                   | -                         | -                               | (45)                               | (71)                                       | (116)                  |
| <b>Balance at 30 June 2022 and 1 July 2022</b>               |       | 53,223                  | (1,325)                | 222,020                     | (534)                               | 1,413                     | 2,912                           | 166                                | (71)                                       | 277,804                |
| Profit for the period                                        |       | -                       | -                      | 3,315                       | -                                   | -                         | -                               | (3)                                | -                                          | 3,312                  |
| Other comprehensive income                                   | 8(c)  | -                       | -                      | -                           | 60                                  | (435)                     | -                               | -                                  | -                                          | (375)                  |
| <b>Total comprehensive income for the period</b>             |       | -                       | -                      | 3,315                       | 60                                  | (435)                     | -                               | (3)                                | -                                          | 2,937                  |
| <b>Transactions with owners in their capacity as owners:</b> |       |                         |                        |                             |                                     |                           |                                 |                                    |                                            |                        |
| Dividends paid                                               | 12(b) | -                       | -                      | (8,663)                     | -                                   | -                         | -                               | -                                  | -                                          | (8,663)                |
| Acquisition of treasury shares                               | 8(b)  | -                       | (1,277)                | -                           | -                                   | -                         | -                               | -                                  | -                                          | (1,277)                |
| Allocation of shares to employees                            | 8(b)  | -                       | 1,837                  | -                           | -                                   | -                         | (1,837)                         | -                                  | -                                          | -                      |
| Share schemes – value of services                            | 19(b) | -                       | -                      | -                           | -                                   | -                         | 43                              | -                                  | -                                          | 43                     |
|                                                              |       | -                       | 560                    | (8,663)                     | -                                   | -                         | (1,794)                         | -                                  | -                                          | (9,897)                |
| <b>Balance at 30 June 2023</b>                               |       | 53,223                  | (765)                  | 216,672                     | (474)                               | 978                       | 1,118                           | 163                                | (71)                                       | 270,844                |

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## Consolidated statement of cash flows

|                                                                       | Notes | 2023<br>\$'000  | 2022*<br>\$'000 |
|-----------------------------------------------------------------------|-------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                           |       |                 |                 |
| Receipts from customers (inclusive of GST)                            |       | 202,647         | 194,130         |
| Payments to suppliers and employees (inclusive of GST)                |       | (195,721)       | (171,806)       |
| Disbursements recovered                                               |       | 76,281          | 83,553          |
| Disbursements paid                                                    |       | (67,548)        | (73,700)        |
| Interest received                                                     |       | 623             | 340             |
| Finance costs                                                         |       | (5,883)         | (5,145)         |
| Income taxes paid                                                     |       | (2,072)         | (34)            |
| <b>Net cash inflow from operating activities</b>                      | 9(a)  | <b>8,327</b>    | <b>27,338</b>   |
| <b>Cash flows from investing activities</b>                           |       |                 |                 |
| Payments for plant and equipment                                      |       | (3,041)         | (938)           |
| Payment of deferred consideration relating to acquisition of business |       | -               | (116)           |
| Payments for acquisition of files                                     |       | (1,484)         | (508)           |
| Costs associated with acquisition of business                         |       | -               | (82)            |
| Purchase of receivables                                               |       | -               | (1,454)         |
| Loans to related parties                                              |       | (1,202)         | (653)           |
| Proceeds from sale of subsidiaries                                    |       | 810             | 3,538           |
| Payments for intangible assets                                        |       | (4,579)         | (4,798)         |
| <b>Net cash (outflow) from investing activities</b>                   |       | <b>(9,496)</b>  | <b>(5,011)</b>  |
| <b>Cash flows from financing activities</b>                           |       |                 |                 |
| Payments for treasury shares                                          | 8(b)  | (1,277)         | (2,436)         |
| Proceeds from borrowings                                              |       | 23,000          | 2,000           |
| Repayment of borrowings                                               |       | (14,251)        | (3,083)         |
| Dividends paid to company's shareholders                              | 12(b) | (8,663)         | (9,963)         |
| Asset finance facility drawdowns                                      |       | 2,762           | -               |
| Asset finance facility repayments                                     |       | (1,070)         | (2,544)         |
| Principal elements of lease payments                                  |       | (10,553)        | (8,936)         |
| Proceeds from disbursement funding                                    |       | 35,435          | 37,502          |
| Repayments of disbursement funding                                    |       | (54,999)        | (38,966)        |
| <b>Net cash (outflow) from financing activities</b>                   |       | <b>(29,616)</b> | <b>(26,426)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>           |       |                 |                 |
| Cash and cash equivalents at the beginning of the financial year      |       | 51,864          | 55,992          |
| Effects of exchange rate changes on cash and cash equivalents         |       | 9               | (29)            |
| <b>Cash and cash equivalents at end of year</b>                       | 6(c)  | <b>21,088</b>   | <b>51,864</b>   |

\* Refer to Note 9(c) for details regarding a change in presentation of cashflows for the prior period.



## Notes to the financial statements

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## 1. Significant changes in the current reporting period

The financial position and performance of the Group during the period, was adversely affected by a decision of the group to make a fair value adjustment which reduces the carrying amount of the Ethicon Mesh case interest Unbilled Disbursement asset by \$32.4 million. This was considered appropriate especially considering the August 2023 Federal Court decision, dismissing Shine's recovery of the full amount of the interest from the Ethicon Settlement Fund.

On the invitation of the Federal Court of Australia, Shine will prepare further submissions in relation to recovery of an alternate amount of Interest.

Despite this, the Group remains well placed to grow revenues organically through ongoing practice innovation.

The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities.

### Emerging business risks

There were no new significant business risks that impacted the financial performance or financial position of the Group as at 30 June 2023.

For a further discussion about the Group's performance and financial position please refer to our operating and financial review on pages 38 to 40.



## How Numbers are Calculated

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the Group, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction
- (b) analysis and subtotals, including segment information, and
- (c) information about estimates and judgements made in relation to particular items. relation to items.

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| 8. Equity                                     | 113 |
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## 2. Segment information

### a. Description of segments and principal activities

The Group's Managing Director examines the Group's performance from a legal service perspective and has identified two reportable segments of its business:

#### i. Personal Injury

Personal injury remains the core business in damages-based plaintiff litigation.

The Shine Lawyers Core PI business includes:

- motor vehicle accidents
- abuse law
- workers' compensation, and
- public liability

In addition, brands included within this segment are:

- SB Law Pty Ltd
- Sciacas Lawyers Pty Ltd
- Bradley Bayly Holdings Pty Ltd
- Claims Consolidated Pty Ltd, and
- Claimify Legal Pty Ltd

As noted in last year's annual report, Abuse Law is now included in the PI segment effective 1 July 2022. The Group has restated the previously reported segment information for the year ended 30 June 2022 as required by AASB 8.

#### ii. New Practice Areas

Shine Justice's New Practices Areas comprise:

The Shine Lawyers NPA business, which includes:

- disability insurance and superannuation claims
- asbestos and dust disease
- medical law
- head trauma
- class actions
- commercial disputes
- employment
- private client services
- family law, and
- catastrophic injuries

In addition, brands included within this segment are:

- Shine NZ Services Pty Ltd
- Best Wilson Buckley Family Law Pty Ltd
- Carr & Co Divorce and Family Lawyers Pty Ltd
- Risk Worldwide New Zealand Limited
- Shine Lawyers US, LLC, and
- My Insurance Claim Pty Ltd

The business undertaken by Risk Worldwide New Zealand Limited and My Insurance Claim Pty Ltd does not meet the specific criteria in AASB 8 *Operating Segments* which means it is not considered as its own reporting segment. Therefore, as the business currently accounts for significantly less than 10% of the Group revenue, profit or assets, this business has been grouped under New Practice Areas, as permitted under AASB 8.

#### iii. Other

The column includes corporate head office and Group services.

The Managing Director primarily uses a measure of:

- earnings before interest, tax, depreciation and amortisation (EBITDA), and
- gross operating cash flow (GOCF)

to assess the financial performance of the operating segments.

The Managing Director also receives information about the segments' revenue and assets on a monthly basis.

Information about segment revenue is disclosed in note 3.

### Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Managing Director assesses the financial performance and position of the Group and makes strategic decisions.



## 2. Segment information (continued)

### b. Adjusted EBITDA

Adjusted EBITDA excludes discontinued operations and the significant items of income and expenditure which may have an impact on the quality of earnings such as legal expenses and impairments where the impairment is a result of an isolated, non-recurring event.

Interest income and finance costs are not allocated to segments, as this type of activity is driven by the Group finance function, which manages the cash position of the Group.

Adjusted EBITDA is not an IFRS measure and excludes those costs which are managed by the Group finance function.

Adjusted EBITDA reconciles to operating profit after income tax as follows:

|                                                              | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------------------------------|-------|----------------|----------------|
| <b>Profit after income tax from continuing operations</b>    |       | <b>3,312</b>   | <b>31,483</b>  |
| Fair value adjustment on Ethicon Mesh unbilled disbursements | 17(b) | <b>32,400</b>  | -              |
| Finance costs                                                |       | <b>7,703</b>   | <b>5,346</b>   |
| Depreciation and amortisation                                |       | <b>16,163</b>  | <b>13,039</b>  |
| Income tax expense                                           |       | <b>2,653</b>   | <b>13,560</b>  |
| Interest revenue                                             |       | <b>(623)</b>   | <b>(340)</b>   |
| <b>Adjusted EBITDA from continuing operations</b>            |       | <b>61,608</b>  | <b>63,088</b>  |

Adjusted EBITDA based on the operations of the segments is shown below:

|                        | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------|----------------|----------------|
| Personal Injury        | <b>41,406</b>  | <b>37,357</b>  |
| New Practice Areas     | <b>18,829</b>  | <b>25,218</b>  |
| Other                  | <b>1,373</b>   | <b>513</b>     |
| <b>Adjusted EBITDA</b> | <b>61,608</b>  | <b>63,088</b>  |

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## 2. Segment information (continued)

### c. GOCF

The Managing Director utilises GOCF as a key measure to monitor cashflow generated from operations.

GOCF is not an IFRS measure and excludes those costs which are managed by the Group finance function.

GOCF reconciles to Net cash inflows from operating activities as follows:

|                                              | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------------------------|----------------|----------------|
| <b>Cash inflow from operating activities</b> | <b>8,327</b>   | 27,338         |
| Net cashflows from disbursement funding      | (19,564)       | (1,464)        |
| Finance costs paid                           | 5,883          | 5,145          |
| Income taxes paid                            | 2,072          | 34             |
| Interest received                            | (623)          | (340)          |
| <b>GOCF</b>                                  | <b>(3,905)</b> | 30,713         |

2023 Net cashflows from disbursement funding includes an amount of \$22,601,000 which was repaid to the disbursement funder following the interim Ethicon Mesh hearing in April 2023. This amount included \$15,657,000 of Shine professional fees which would ordinarily not be repaid to the disbursement funder, but was done to mitigate the interest accruing on the facility. As discussed in note 17(b), Shine has made a fair value adjustment of \$32,400,000.

### d. Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

|                                              | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------------------------|----------------|----------------|
| Personal Injury                              | 401,039        | 364,842        |
| New Practice Areas                           | 204,191        | 233,042        |
| Other                                        | 16,067         | 15,460         |
| <b>Total assets as per the balance sheet</b> | <b>621,297</b> | 613,344        |

The total of non-current assets other than financial instruments, broken down by location of the assets, is shown below.

|             | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------|----------------|----------------|
| Australia   | 259,892        | 234,566        |
| New Zealand | 1,736          | 1,032          |
|             | <b>261,628</b> | 235,598        |



## 2. Segment information (continued)

### e. Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's borrowings and derivative financial instruments are not considered to be segment liabilities but are managed by the Group finance function.

|                                                   | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------------------|----------------|----------------|
| Personal Injury                                   | 107,883        | 107,497        |
| New Practice Areas                                | 61,074         | 61,846         |
| Other                                             | 989            | 2,178          |
| <b>Total segment liabilities</b>                  | <b>169,946</b> | <b>171,521</b> |
| Unallocated:                                      |                |                |
| Deferred tax liabilities                          | 116,083        | 113,823        |
| Borrowings                                        | 64,424         | 50,196         |
| <b>Total liabilities as per the balance sheet</b> | <b>350,453</b> | <b>335,540</b> |

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### 3. Revenue

#### a. Revenue from contracts with customers

The Group derives revenue from the transfer of services over time under contracts that are either no-win-no-fee or time and materials based, with a fee that is either fixed or variable in the following major segment lines:

|                                        | Personal Injury |                | New Practice Areas |                | Other          |                | Total          |                |
|----------------------------------------|-----------------|----------------|--------------------|----------------|----------------|----------------|----------------|----------------|
|                                        | 2023<br>\$'000  | 2022<br>\$'000 | 2023<br>\$'000     | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 |
| <i>Legal services</i>                  |                 |                |                    |                |                |                |                |                |
| No-win-no-fee variable                 | 153,493         | 137,604        | 51,351             | 54,120         | -              | -              | 204,844        | 191,724        |
| No-win-no-fee fixed fee                | -               | -              | 8,674              | 8,679          | -              | -              | 8,674          | 8,679          |
| Time and materials                     | -               | -              | 15,029             | 12,783         | -              | -              | 15,029         | 12,783         |
| <b>Revenue from external customers</b> | <b>153,493</b>  | <b>137,604</b> | <b>75,054</b>      | <b>75,582</b>  | <b>-</b>       | <b>-</b>       | <b>228,547</b> | <b>213,186</b> |
| <b>b. Other income</b>                 |                 |                |                    |                |                |                |                |                |
| Interest income                        | -               | -              | -                  | -              | 623            | 340            | 623            | 340            |
| Service management fee                 | -               | -              | -                  | -              | 1,723          | 1,356          | 1,723          | 1,356          |
| Other revenue                          | -               | 28             | 13                 | 89             | 734            | 133            | 747            | 250            |
| <b>Other income</b>                    | <b>-</b>        | <b>28</b>      | <b>13</b>          | <b>89</b>      | <b>3,080</b>   | <b>1,829</b>   | <b>3,093</b>   | <b>1,946</b>   |
| <b>Total segment revenue</b>           | <b>153,493</b>  | <b>137,632</b> | <b>75,067</b>      | <b>75,671</b>  | <b>3,080</b>   | <b>1,829</b>   | <b>231,640</b> | <b>215,132</b> |

Revenue from external customers comes from the provision of legal services. The revenue from both Personal Injury and New Practice Areas relates to the Shine Lawyers brand as well as other Group brands.

The Group does not derive any revenue from any single external customer which is greater than 10% of total revenue.

The amount of its revenue from external customers broken down by location of the customers is shown below.

|             | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------|----------------|----------------|
| Australia   | 228,338        | 212,775        |
| New Zealand | 209            | 411            |
|             | <b>228,547</b> | <b>213,186</b> |



### 3. Revenue (continued)

#### c. Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

|                                                          | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------------------------------------|----------------|----------------|
| Current contract assets relating to work in progress     | 210,521        | 181,598        |
| Non-current contract assets relating to work in progress | 170,412        | 150,878        |
| <b>Total contract assets</b>                             | <b>380,933</b> | <b>332,476</b> |

There are no liabilities relating to contracts with customers.

As noted in last year's annual report, Abuse Law is now included in the PI segment effective 1 July 2022. The Group has restated the previously reported segment information for the year ended 30 June 2022 as required by AASB 8.

#### Accounting policy

Work in progress (WIP) represents revenue recognised (costs incurred and profit recognised) on client cases that are in progress and have not yet been invoiced at the end of the reporting date. WIP is recorded at its recoverable amount.

The Company recognises WIP where it is highly probable that the WIP will be recovered on completion of the matter. In assessing the probability of a significant reversal of revenue and hence WIP, Shine reviews the historical recovery rates of closed cases across similar matter types and stages of completion for the past 12 months. The calculated closed file recovery rate includes both matters that were billed and those that were closed with no fee.

Shine incorporates actuarial methodologies to assist in analysing its WIP recoverability rates. Cases that have been identified as unlikely to be successful but not yet closed are not considered to be highly probable and no WIP or revenue is recognised for these matters.

Work in progress and revenue recognition on some larger cases, such as class actions and major claims, consider the specific aspects of each case or class action, including any third-party funding arrangements that may be applicable to the action.

Where there is a risk of a significant reversal of revenue in a future period the revenue and associated work in progress in relation to those matters are not recognised in the current reporting period. The Group also assesses on a forward-looking basis the expected credit loss associated with its WIP balances. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Historical experience and knowledge of the client cases has been used to determine the carrying amount of work in progress at balance date and the classification between current and non-current.

### 3. Revenue (continued)

#### d. Revenue streams

##### i. Legal services: No-win-no-fee variable

This revenue stream operates based on contingent fee arrangements, whereby fees are earned only if there is a successful outcome of a matter. Revenue is recognised on either:

- time recorded and materials basis net of any constraint of variable consideration, or
- a combination of milestone scale, time and materials basis net of any constraint of variable consideration

Certain larger matters including some class actions are undertaken on a partially or fully funded basis. The Group has arrangements with third party funders to provide a portion of the fees receivable over time as services are performed. In such arrangements, the funded portion of fees is billed and recognised as revenue regularly over time and is not contingent on the successful outcome of the matter. The remaining portion of fees is variable consideration which is conditional on the successful resolution of the litigation. The variable consideration is included in revenue as services are performed only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.

##### ii. Legal services: No-win-no-fee fixed

This revenue stream operates based on contingent fee arrangements, whereby fees are earned only if there is a successful outcome of a matter.

Revenue is recognised on a time recorded and materials basis net of any constraint of variable consideration.

##### iii. Legal services: Time and materials

The Group earns revenue through a broad range of disciplines within its New Practice Areas segment. Fee arrangements include fixed fee arrangements and unconditional fee for service arrangements (time and materials). Revenue is recognised over time in the accounting period when services are rendered.

For unconditional time and materials contracts, revenue is recognised in line with the amount of fees that the Group is entitled to invoice for services performed to date based on contracted rates.

The Group has taken advantage of the practical expedient as set out in AASB 15 as the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date (as matters are billed for a fixed amount for each hour of service provided) and as such the Group has recognised revenue in the amount to which the Group has a right to invoice less any constraint on variable consideration.

### Accounting policies and significant judgements

#### Estimating variable consideration

Under AASB 15, where consideration in respect of a contract is variable, revenue can only be recognised to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract will not be subject to a significant reversal when the uncertainty associated with the variable consideration is subsequently resolved (this is referred to as the 'constraint' requirement). WIP has been recognised net of a constraint of \$82,680,000 (2022: \$70,473,000).

The Group has determined statistically that its existing modelling for expected losses for contingent matters is compliant with the constraint requirements for variable consideration.

#### Performance obligations

Performance obligations within contracts outline the specific goods and services that are to be delivered to the customer over the life of the contract. For legal services, contracts with clients generally comprise a single distinct performance obligation, being the provision of services in pursuit of the successful settlement of a customer's claim, and the transaction price is allocated to this single performance obligation. Some contracts contain multiple deliverables – for example in respect of a statutory claim and a common law claim, or initial pre-issue work and litigation work. In such circumstances, these multiple deliverables are considered to represent a single distinct performance obligation, given there is a significant level of integration performed by the Group in delivering these services.

#### Transaction price – variable

The Group provides various services based on contingent fee arrangements. The uncertainty around the fees ultimately receivable under these types of contracts is generally only fully resolved when a matter is concluded.

Where the Group has sufficient historical experience in similar contracts in order to be able to estimate the expected outcome of a group of existing contracts reliably, revenue is estimated using the "expected value" method. Revenue is recognised only to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of a reporting period will not be subject to significant reversal when a matter is concluded.



### 3. Revenue (continued)

To determine the probability of success of a case using the expected value method, a level of judgement is required to be applied based on past experience and historical performance of similar matters. The estimated amount of variable consideration is based on the expected fee for the nature of the legal service provided with reference to historical fee levels and relative rates of successful and unsuccessful outcomes.

Where historical averages are not predictive of the probability of outcomes for a given contract, or where the Group has limited historical experience with similar contracts, the expected amount of variable consideration is estimated using a most likely amount approach on a contract by contract basis. In such circumstances, a level of judgement is required to determine the likelihood of success of a given matter, as well as the estimated amount of fees that will be recovered in respect of the matter.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

#### Measuring progress of completion

Revenue is recognised when control of a service is transferred to the customer. The Group recognises revenue in matters 'over time' (as opposed to at a 'point in time') as the customer receives and consumes the benefits of the contract as the Group provides the promised goods and services. A stage of completion approach is used to measure progress towards completion of the performance obligation.

The stage of completion is determined using either:

- Time recorded productivity adjusted for potential billing write-offs and unsuccessful matters,
- Milestone recognition driven by activities representing matter progression, adjusted for potential billing write-offs and unsuccessful matters, or
- Judgement based estimates of percentage of completion. The percentage of completion is determined by comparing the work performed to date against the expected fee to be billed at the conclusion of the matter, considering the approximate amount of time incurred and any potential uplifts/ downsides that may be present upon completion.

#### Disbursements

Disbursements (costs from third parties in relation to matters) are arranged on behalf of the client. The Group cannot influence the services or goods provided by disbursement suppliers, therefore no profit margin is recognised on the activities when clients are on-charged the cost incurred by the Group. The Group acts as an agent for disbursements and no revenue is recognised. The disbursements recoverable at the end of the matter are treated as a separate financial asset measured at fair value through the profit or loss.

#### Conversion of work in progress to receivable

The conversion of work in progress to a receivable in relation to services is recognised when a bill has been raised, as this is the point in time that the consideration becomes unconditional because only the passage of time is required before the payment is due. For No-win-no-fee matters, billing occurs when the matter is successfully resolved. For non-contingent revenue contracts, billing occurs over the life of the contract in line with contractual terms.

#### No significant financing component

Generally, the Group provides services to customers over multiple accounting periods.

The Group has determined that no significant financing component exists in respect of its revenue streams. The reasoning for this decision is as follows:

- For contingent matters, a substantial amount of the consideration promised by the customer is variable subject to the occurrence or non-occurrence of a future event that is not substantially within the control of the customer or the Group, and
- With respect to fee for service and fixed fee arrangements, a substantial amount of the consideration promised by the customer is variable subject to the occurrence or non-occurrence of a future event that is not substantially within the control of the customer or the Group.

## 4. Other income and expense items

This note provides a breakdown of the items included in other income, other gains/(losses), costs and an analysis of expenses by nature. Information about specific profit and loss items (such as gains and losses in relation to financial instruments) is disclosed in the related balance sheet notes.

### a. Other income

|                         | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------|----------------|----------------|
| Services management fee | 1,723          | 1,356          |
| Interest income         | 623            | 340            |
| Other                   | 747            | 250            |
|                         | 3,093          | 1,946          |

#### i. Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). This amount excludes amounts of interest recovered on unbilled disbursements. Refer also Note 4(d).

#### ii. Services management fee

Sales of goods, rent, and services to Shine Lawyers NZ Ltd, an affiliated entity of the Group. Refer to note 18 for further detail.

### b. Other gains/(losses)

|                                         | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------|----------------|----------------|
| Net gain on early termination of leases | 791            | 255            |
| Net foreign exchange gains              | 127            | 53             |
|                                         | 918            | 308            |



## 4. Other income and expense items (continued)

### c. Breakdown of other expenses by nature

|                                           | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------|-------|----------------|----------------|
| Premises                                  |       | 4,007          | 3,146          |
| Marketing                                 |       | 11,723         | 12,672         |
| HR, training and recruitment              |       | 4,431          | 3,914          |
| IT and computer                           |       | 9,099          | 8,181          |
| Printing, postage and stationery          |       | 1,172          | 1,261          |
| Professional fees                         |       | 4,901          | 4,544          |
| Motor vehicle and travel                  |       | 1,916          | 803            |
| Net impairment losses on financial assets |       | 1,441          | 874            |
| Sundry                                    |       | 560            | 181            |
|                                           |       | <b>39,250</b>  | <b>35,576</b>  |

### d. Finance costs

|                                                                          | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------------------------------------------|-------|----------------|----------------|
| Interest and finance charges paid/payable for lease liabilities          | 7(b)  | 2,362          | 2,041          |
| Interest on other debt facilities                                        |       | 2,644          | 1,670          |
| Other                                                                    |       | 96             | 82             |
|                                                                          |       | <b>5,102</b>   | <b>3,793</b>   |
| <i>Disbursement funding related interest</i>                             |       |                |                |
| Disbursement funding interest – deferred payment agreement not recovered |       | 2,601          | 1,553          |
| Disbursement funding interest – funding agreements with recovery rights  |       | 10,536         | 11,137         |
| Disbursement funding interest income – unbilled disbursements            |       | (10,536)       | (11,137)       |
|                                                                          |       | <b>2,601</b>   | <b>1,553</b>   |
|                                                                          |       |                |                |
|                                                                          |       | <b>7,703</b>   | <b>5,346</b>   |

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## 5. Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

### a. Income tax expense

|                                               | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------|----------------|----------------|
| <i>Current tax</i>                            |                |                |
| Current tax on profits for the year           | 207            | (33)           |
| <b>Total current tax expense/(benefit)</b>    | <b>207</b>     | <b>(33)</b>    |
| <i>Deferred income tax</i>                    |                |                |
| (Increase)/decrease in deferred tax assets    | (5,280)        | 4,541          |
| Increase in deferred tax liabilities          | 7,726          | 8,991          |
| <b>Total deferred tax expense</b>             | <b>2,446</b>   | <b>13,532</b>  |
| <b>Income tax expense</b>                     | <b>2,653</b>   | <b>13,499</b>  |
| <b>Income tax expense is attributable to:</b> |                |                |
| Profit from continuing operations             | 2,653          | 13,560         |
| (Loss)/profit from discontinued operations    | -              | (61)           |
|                                               | <b>2,653</b>   | <b>13,499</b>  |

### b. Numerical reconciliation of income tax expense to prima facie tax payable income tax expense

|                                                                                         | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------------------------------------------|----------------|----------------|
| Profit from continuing operations before income tax expense                             | 5,965          | 45,043         |
| (Loss)/profit from discontinued operations before income tax expense                    | -              | (331)          |
|                                                                                         | <b>5,965</b>   | <b>44,712</b>  |
| Tax at the Australian tax rate of 30% (2022: 30%)                                       | 1,790          | 13,414         |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: |                |                |
| Amortisation of intangibles                                                             | 1              | 35             |
| Difference in tax rates                                                                 | (4)            | -              |
| Non-allowable items                                                                     | 292            | 216            |
| Adjustments for current tax of prior periods                                            | 574            | (166)          |
| <b>Income tax expense</b>                                                               | <b>2,653</b>   | <b>13,499</b>  |

## 5. Income tax expense (continued)

### c. Tax losses

|                                                               | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------------------------------|----------------|----------------|
| <b>Australia</b>                                              |                |                |
| Tax losses for which a deferred tax asset has been recognised | 27,000         | 7,999          |
| <b>Tax benefit @ 30%</b>                                      | 8,100          | 2,400          |
| <b>New Zealand</b>                                            |                |                |
| Tax losses for which a deferred tax asset has been recognised | 1,046          | 1,260          |
| <b>Tax benefit @ 28%</b>                                      | 293            | 353            |

### Accounting policy

#### Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

#### Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations 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 where there is a legally enforceable right to offset current tax assets and liabilities and where 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.

#### Leases

The Group's lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, the Group considers both the lease asset and the lease liability separately. The Group separately accounts for the deferred taxation on the taxable temporary differences and the deductible temporary difference, which upon initial recognition are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences as net on the balance sheet.

## 6. Financial assets and financial liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- accounting policies, and
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

| <b>FINANCIAL ASSETS</b>                                      | <b>Notes</b> | <b>2023<br/>\$'000</b> | <b>2022<br/>\$'000</b> |
|--------------------------------------------------------------|--------------|------------------------|------------------------|
| <b>Assets at amortised cost</b>                              |              |                        |                        |
| Trade and other receivables                                  | 6(a)         | 13,332                 | 15,754                 |
| Other financial assets                                       | 6(b)         | 6,244                  | 5,353                  |
| Cash and cash equivalents                                    | 6(c)         | 21,088                 | 51,864                 |
|                                                              |              | <b>40,664</b>          | <b>72,971</b>          |
| <b>Assets at fair value through profit or loss</b>           |              |                        |                        |
| Unbilled disbursements                                       | 6(d)         | 89,052                 | 104,249                |
| Financial assets at fair value through profit or loss (FVPL) | 6(e)         | 12,744                 | 14,175                 |
|                                                              |              | <b>101,796</b>         | <b>118,424</b>         |
|                                                              |              | <b>142,460</b>         | <b>191,395</b>         |
| <b>FINANCIAL LIABILITIES</b>                                 |              |                        |                        |
| <b>Liabilities at amortised cost</b>                         |              |                        |                        |
| Trade and other payables                                     | 6(f)         | 12,886                 | 16,203                 |
| Disbursement creditors                                       | 6(f)         | 94,781                 | 99,357                 |
| Other financial liabilities                                  | 6(f)         | 660                    | 134                    |
| Borrowings                                                   | 6(h)         | 64,424                 | 50,196                 |
| Lease liabilities                                            | 7(b)         | 47,456                 | 42,518                 |
|                                                              |              | <b>220,207</b>         | <b>208,408</b>         |

The Group's exposure to various risks associated with the financial instruments is discussed in note 11. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.



## 6. Financial assets and financial liabilities (continued)

### Accounting policy

#### Classification

The Group classifies its financial assets in the following measurement categories:

- those measured subsequently at fair value (either through Other comprehensive income (OCI) or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### Measurement

At initial recognition, the Group measures a financial asset at its fair value (plus, in the case of a financial asset not at fair value through profit or loss (FVPL)), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its trade receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 11(c) for further details.

## 6. Financial assets and financial liabilities (continued)

### a. Trade and other receivables

|                                                 | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------|-------|----------------|----------------|
| <b>Current</b>                                  |       |                |                |
| Trade receivables from contracts with customers |       | 12,481         | 14,363         |
| Loss allowance                                  | 11(c) | (1,043)        | (663)          |
|                                                 |       | 11,438         | 13,700         |
| Other receivables                               |       | 1,358          | 1,431          |
|                                                 |       | 12,796         | 15,131         |
| <b>Non-current</b>                              |       |                |                |
| Trade receivables from contracts with customers |       | 536            | 623            |
| Loss allowance                                  | 11(c) | -              | -              |
|                                                 |       | 536            | 623            |
|                                                 |       | 13,332         | 15,754         |

#### i. Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is the same as their fair value.

#### ii. Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in note 11(c) and 11(b).

#### Accounting policy

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables expected to be collected within 12 months of the end of the reporting period are classified as current. All other trade receivables are classified as non-current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 11(c).



## 6. Financial assets and financial liabilities (continued)

### b. Other financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

|                                            | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------------|-------|----------------|----------------|
| <b>Current</b>                             |       |                |                |
| Loans to related parties (i)               |       | 1              | 312            |
|                                            |       | 1              | 312            |
| <b>Non-current</b>                         |       |                |                |
| Loans to related parties (i)               |       | 6,264          | 5,062          |
| Less: allowance for expected credit losses | 11(c) | (21)           | (21)           |
|                                            |       | 6,243          | 5,041          |
|                                            |       |                |                |
|                                            |       | 6,244          | 5,353          |

#### i. Loans to related parties

Further information relating to loans to related parties is set out in note 18.

#### ii. Impairment and risk exposure

Information about the impairment of loans to related parties and the Group's exposure to credit risk can be found in note 11(c).

#### Accounting policy

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

## 6. Financial assets and financial liabilities (continued)

### c. Cash and cash equivalents

|                                            | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------------|-------|----------------|----------------|
| <b>Current assets</b>                      |       |                |                |
| Cash at bank and in hand                   |       | 21,088         | 51,864         |
| <b>Balance per statement of cash flows</b> | 9(b)  | 21,088         | 51,864         |

#### i. Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are receivable with 31 days' notice with an interest adjustment based on the percentage of the original term elapsed as at the end of the 31-day notice period.

#### ii. Restricted cash

There is no restricted cash held by Shine Justice Ltd (2022: \$nil).

#### Accounting policy

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less and that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.



## 6. Financial assets and financial liabilities (continued)

### d. Unbilled disbursements

|             | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------|-------|----------------|----------------|
| Current     |       | 53,812         | 76,070         |
| Non-current |       | 35,240         | 28,179         |
|             | 6(i)  | 89,052         | 104,249        |

### i. Classification as unbilled disbursements

#### Accounting policy

Disbursements represent costs incurred on behalf of clients during a matter that are recovered from clients on case resolution.

Shine utilises Deferred Payment facilities, Credit facilities and Exclusive Service Provider Deeds (as described in Note 6(g)) to facilitate funding some of its disbursements. In some cases, client cost agreements specifically give Shine the right to recover fees, interest and charges incurred on these facilities.

Unbilled disbursements represent the contractual right to receive cash on settlement of a case. As the recovery of this cash flow is contingent on the success of a case, this financial asset is measured at fair value through profit and loss given these contractual cash flows are not solely principal plus interest.

Where, through funding arrangements, the right to recover the cash flows on successful resolution of the case is transferred to the funders (as described in note 6(g)), consideration is given as to whether the asset should be derecognised. Where Shine provides a guarantee to the Funder in the event of an unsuccessful outcome, or should there be insufficient proceeds on settlement of the case, Shine retains substantially all of the risks and rewards. This asset continues to be recognised and a liability is recorded representing the cash advanced by the Funders.

The fair value of the asset is determined through the accumulation of reimbursable costs and interest (for those client contracts where Shine is entitled to recover those costs) adjusted by a fair value measurement reflecting Shine's estimate of the recoverability of those costs on settlement of the cases

The Group determines the classification between current and non-current by evaluating the expected timing of settlements and billings of each case, considering historical trends and average length of time that cases are open.

Interest with respect to these arrangements is outlined in Note 4(d).

A fair value adjustment is made to unbilled disbursements and associated interest based on the Group's history of amounts not recovered over previous years where there is demonstrated evidence that informs the consideration of the fair value of the asset. A specific assessment is made on a case by case basis on the recoverability of disbursements on major no win no fee cases such as class actions.

The fair value of interest recoverable is included within this balance due to the contractual arrangements Shine holds with their clients to recover these costs in funding the client matters. As at 30 June 2023, this amount was \$8.2 million (2022: \$34.2 million) with the remaining balance primarily representing barrister fees, expert report costs and medical fees. The 30 June 2023 balance includes a \$32.4 million fair value adjustment which is further supported by the August 2023 Federal Court Decision which is discussed further in note 17(b).

## 6. Financial assets and financial liabilities (continued)

### ii. Fair values of unbilled disbursements

It has been assessed whether the unbilled disbursements are held at 'at risk' could impact the analysis that Shine is the agent rather than principal in respect of the disbursements under AASB 15.

In assessing the indicators whether the Group might be considered a principal under AASB 15, it is noted that the Group:

- is not responsible for fulfilling the promise of providing the good or service (e.g., Shine is not responsible for providing a medical report)
- does not have inventory risk in respect of the underlying good or service (e.g., in respect of a medical report), and
- does not have price discretion in respect of the disbursements (as this sits with the disbursement provider e.g., the doctor).

None of these indicators are impacted by the fact that the disbursements receivable is at risk, and therefore it has been assessed as appropriate that Group continues to be considered an agent in respect of disbursements.

See note 6(i) for more detail relating to the recognition of fair value measurements.

### e. Other financial assets at fair value through profit or loss

#### i. Classification of financial assets at fair value through profit or loss

Financial assets mandatorily measured at FVPL include the following:

|                                  | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------------|-------|----------------|----------------|
| <b>Current</b>                   |       |                |                |
| Deferred consideration           | 13(c) | 1,894          | 2,182          |
| Derivative financial instruments | 11(a) | 1,398          | 893            |
|                                  |       | <b>3,292</b>   | 3,075          |
| <b>Non-current</b>               |       |                |                |
| Deferred consideration           | 13(c) | 9,452          | 9,974          |
| Derivative financial instruments | 11(a) | -              | 1,126          |
|                                  |       | <b>9,452</b>   | 11,100         |
| <b>Total</b>                     |       | <b>12,744</b>  | 14,175         |

#### ii. Amounts recognised in profit or loss

During the year, the following losses were recognised in profit or loss:

|                                                                                      | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------------------------------------------------------|-------|----------------|----------------|
| Fair value loss on deferred consideration shown in loss from discontinued operations | 13(b) | -              | (9)            |

#### iii. Risk exposure and fair value measurements

Information about the Group's exposure to credit risk is provided in note 11(c). For information about the methods and assumptions used in determining fair value see note 6(i).



## 6. Financial assets and financial liabilities (continued)

### f. Trade and other payables

|                                                                | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------------------------------------------|-------|----------------|----------------|
| <b>Current</b>                                                 |       |                |                |
| <b>Trade and other payables</b>                                |       |                |                |
| Trade payables                                                 |       | 5,457          | 6,444          |
| Sundry payables and accrued expenses                           |       | 2,228          | 2,450          |
| Staff related payables                                         |       | 5,201          | 5,613          |
|                                                                |       | <b>12,886</b>  | <b>14,507</b>  |
| <b>Disbursement creditors</b>                                  |       |                |                |
| Disbursement funding creditors                                 | 6(g)  | 79,675         | 88,281         |
| Other disbursement creditors                                   |       | 15,106         | 11,076         |
|                                                                |       | <b>94,781</b>  | <b>99,357</b>  |
| <b>Other financial liabilities</b>                             |       | <b>660</b>     | <b>134</b>     |
|                                                                |       | <b>108,327</b> | <b>113,998</b> |
| <b>Non-current</b>                                             |       |                |                |
| <b>Trade and other payables</b>                                |       |                |                |
| Deferred consideration – vendor liabilities on acquisition (i) |       | -              | 1,696          |
| <b>Total</b>                                                   |       | <b>108,327</b> | <b>115,694</b> |

#### i. Deferred consideration - vendor liabilities on acquisition

At 30 June 2023, there was nil (2022: \$1,696,000) contingent consideration with respect to the ACA Lawyers acquisition still outstanding. No interest has been accrued on the balance amounting.

#### ii. Disbursement funding creditors

See note 6(g) for further details.

#### iii. Other disbursement creditors

Disbursements payable by Shine which is not funded by an external disbursement funder. These include speculative matters and barristers' fees which are payable on the settlement of a case.

#### Accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days to 24 months of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 6. Financial assets and financial liabilities (continued)

### g. Disbursement funding

|                                                      | Notes | Facility limit<br>(Principal)<br>\$'000 | Total facility<br>balance<br>\$'000 | Undrawn limit<br>available<br>\$'000 |
|------------------------------------------------------|-------|-----------------------------------------|-------------------------------------|--------------------------------------|
| <b>30 JUNE 2023</b>                                  |       |                                         |                                     |                                      |
| <b>Third Party Disbursement Funding Facility</b>     |       |                                         |                                     |                                      |
| Deferred payment agreement                           |       |                                         |                                     |                                      |
| Principal                                            |       | 57,500                                  | (39,813)                            | 17,687                               |
| Accrued interest                                     |       |                                         | (13,589)                            |                                      |
|                                                      |       |                                         | (53,402)                            |                                      |
| Credit contracts and Exclusive Service Provider Deed |       |                                         |                                     |                                      |
| Principal                                            |       |                                         | (22,365)                            |                                      |
| Accrued interest and fees                            |       |                                         | (3,908)                             |                                      |
|                                                      |       |                                         | (26,273)                            |                                      |
| <b>Total</b>                                         | 6(f)  |                                         | (79,675)                            |                                      |
| <b>30 JUNE 2022</b>                                  |       |                                         |                                     |                                      |
| <b>Third Party Disbursement Funding Facility</b>     |       |                                         |                                     |                                      |
| Deferred payment agreement                           |       |                                         |                                     |                                      |
| Principal                                            |       | 57,500                                  | (40,778)                            | 16,722                               |
| Interest                                             |       |                                         | (29,966)                            |                                      |
|                                                      |       |                                         | (70,744)                            |                                      |
| Credit contracts and Exclusive Service Provider Deed |       |                                         |                                     |                                      |
| Principal                                            |       |                                         | (14,880)                            |                                      |
| Accrued interest and fees                            |       |                                         | (2,657)                             |                                      |
|                                                      |       |                                         | (17,537)                            |                                      |
| <b>Total</b>                                         | 6(f)  |                                         | (88,281)                            |                                      |



## 6. Financial assets and financial liabilities (continued)

### Deferred Payment Agreement

In June 2018, Shine Lawyers entered into a Deferred Payment Agreement with a third party to fund disbursements incurred on behalf of Shine's clients. The disbursement funder reimburses Shine for disbursements incurred in respect of individual client matters and the disbursement funder is subsequently repaid out of settlement proceeds on completion of the matter. Should there be insufficient proceeds on settlement of a case or a case be unsuccessful Shine has the primary responsibility to repay the disbursement.

The principal drawdown on the Deferred Payment Agreement at 30 June 2023 \$39,813,000 (2022: \$40,778,000) reflecting total disbursements that are funded. Total accrued interest is \$13,589,000 (2022: \$29,966,000) which includes the impact of repayment made of \$22,601,000 to the funder following the interim Ethicon Mesh decision in April 2023. The principal and interest in aggregate represents the Group's maximum potential exposure.

### Credit contracts and Exclusive Service Provider Deed

In September 2018, Shine Justice Ltd and Shine Lawyers entered into an Exclusive Service Provider Deed to create a disbursement funding facility with a third party.

Disbursement loans are provided to clients of the Group by the funder for the sole purpose of funding disbursements. The funding agreement is between the client and the funder. Should there be insufficient proceeds on settlement of a case or case be unsuccessful Shine has guaranteed to repay the disbursement on behalf of the client.

There is no limit to the total value of client loans that can be approved by the third party. The total principal drawdown at 30 June 2023 was \$22,365,000 (2022: \$14,880,000).

### Accounting policy

The amount of disbursements funded under these facilities is recognised within disbursement funding creditors (see note 6(g)) and an offsetting amount is recognised in unbilled disbursements (debtors), where there is a contractual right for the Group to do so.

A fair value adjustment is recognised against unbilled disbursements to reflect the value of unrecoverable disbursements and funding fees which were not expected to be recovered from clients.



## 6. Financial assets and financial liabilities (continued)

### h. Borrowings

#### Financing arrangements

The Group's borrowing facilities were as follows:

|                                          | Notes      | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------------------|------------|----------------|----------------|
| <b>Variable rate – bank loans</b>        |            |                |                |
| Expiring within one year                 |            | 24,543         | 3,083          |
| Expiring beyond one year                 |            | -              | 9,000          |
|                                          |            | <b>24,543</b>  | <b>12,083</b>  |
| <b>Fixed rate – bank loans</b>           |            |                |                |
| Expiring within one year                 |            | 37,310         | 1,234          |
| Expiring beyond one year                 | (iii)      | -              | 36,000         |
|                                          |            | <b>37,310</b>  | <b>37,234</b>  |
| <b>Transformation project costs loan</b> |            |                |                |
| Expiring within one year                 |            | 2,571          | 879            |
| Expiring beyond one year                 |            | -              | -              |
|                                          |            | <b>2,571</b>   | <b>879</b>     |
|                                          | 9(c)&11(b) | <b>64,424</b>  | <b>50,196</b>  |
| Current                                  | 9(b)       | <b>64,424</b>  | <b>5,196</b>   |
| Non-current                              | 9(b)       | -              | 45,000         |

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## 6. Financial assets and financial liabilities (continued)

### i. Compliance with loan covenants

Refer to note 12(a) for details of compliance with covenants.

### ii. Fair value

For most of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

### iii. Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 11.

On 2 July 2021, the Group hedged the variable cashflows relating to \$36,000,000 of previously variable borrowings through an interest rate swap.

On 21 June 2023, the Group entered a deed of variation with the primary lender to extend the maturity dates until at least 1 July 2025 on the same commercial terms.

### Accounting policy

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet 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 an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## 6. Financial assets and financial liabilities (continued)

### i. Recognised fair value measurements

#### i. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

|                                                          | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|----------------------------------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>Recurring fair value measurements at 30 June 2023</b> |                   |                   |                   |                 |
| <b>Financial assets</b>                                  |                   |                   |                   |                 |
| Financial assets at FVPL                                 |                   |                   |                   |                 |
| Deferred consideration                                   | -                 | -                 | 11,346            | 11,346          |
| Unbilled disbursements                                   | -                 | -                 | 89,052            | 89,052          |
| Hedging derivatives – interest rate swap                 | -                 | 1,398             | -                 | 1,398           |
| <b>Total financial assets</b>                            | -                 | 1,398             | 100,398           | 101,796         |
| <b>Recurring fair value measurements at 30 June 2022</b> |                   |                   |                   |                 |
| <b>Financial assets</b>                                  |                   |                   |                   |                 |
| Financial assets at FVPL                                 |                   |                   |                   |                 |
| Deferred consideration                                   | -                 | -                 | 12,156            | 12,156          |
| Unbilled disbursements                                   | -                 | -                 | 104,249           | 104,249         |
| Hedging derivatives – interest rate swap                 | -                 | 2,019             | -                 | 2,019           |
| <b>Total financial assets</b>                            | -                 | 2,019             | 116,405           | 118,424         |

There were no transfers into or out of Level 3 fair value measurements during the twelve months ended 30 June 2023.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2023.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## 6. Financial assets and financial liabilities (continued)

### ii. Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- For interest rate swaps – the present value of the estimated future cash flows based on observable yield curves
- For foreign currency forwards – present value of future cash flows based on the forward exchange rates at the balance sheet date, and
- For other financial instruments – discounted cash flow analysis.

All the resulting fair value estimates are included in level 3 except for certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

### iii. Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 items for the periods ended 30 June 2023 and 30 June 2022:

| Movements                                                           | Unbilled disbursements<br>\$'000 | Deferred consideration<br>\$'000 | Total<br>\$'000 |
|---------------------------------------------------------------------|----------------------------------|----------------------------------|-----------------|
| <b>Balance at 1 July 2021</b>                                       | 106,890                          | -                                | 106,890         |
| Additions and settlements                                           | 4,104                            | 12,165                           | 16,269          |
| Losses recognised in profit or loss                                 | (4,551)                          | -                                | (4,551)         |
| Discontinued operations                                             | (2,194)                          | (9)                              | (2,203)         |
| <b>Balance at 30 June 2022 &amp; 1 July 2022</b>                    | 104,249                          | 12,156                           | 116,405         |
| Additions and settlements                                           | 25,164                           | (810)                            | 24,354          |
| Losses recognised in profit or loss – Ethicon Interest (note 17(b)) | (32,400)                         | -                                | (32,400)        |
| Losses recognised in profit or loss – other                         | (7,961)                          | -                                | (7,961)         |
| <b>Balance at 30 June 2023</b>                                      | 89,052                           | 11,346                           | 100,398         |

### iv. Transfers between levels and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy in the twelve months to 30 June 2023. There were also no changes made to any of the valuation techniques applied as at 30 June 2022.

### v. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see (ii) above for the valuation techniques adopted).

| Description            | Fair value at<br>30 June 2023<br>\$'000 | Unobservable inputs                                                      | Relationship of unobservable inputs to fair value                                                               |
|------------------------|-----------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Unbilled disbursements | 89,052                                  | Internal historical recovery rates<br>Qualitative individual matters     | If the recovery rate was 1% higher or (lower), the fair value would increase/(decrease) by \$1,276,796          |
| Deferred consideration | 11,346                                  | Internal historical recovery rates<br>Qualitative individual matters     | If the recovery rate was 1% higher or (lower), the fair value would increase/(decrease) by \$111,781            |
|                        |                                         | Internal historical collection periods<br>Qualitative individual matters | If the collection period was 3 months shorter or (longer) the fair value would increase/(decrease) by \$282,543 |
|                        |                                         | Risk-adjusted discount rate                                              | If the discount rate was 100bps (higher)/lower, the fair value would (decrease)/increase by \$265,712           |



## 7. Non-financial assets and liabilities

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - plant and equipment (note 7(a))
  - leases (note 7(b))
  - intangible assets (note 7(c))
  - deferred tax balances (note 7(d))
  - current tax balances (note 7(e))
  - other assets (note 7(f))
  - employee benefit obligations (note 7(g))
  - provisions (note 7(h))
- accounting policies
- information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved.



## 7. Non-financial assets and liabilities (continued)

### a. Plant and equipment

| Non-current                       | Fixtures and fittings<br>\$'000 | Office furniture and equipment<br>\$'000 | Computer equipment<br>\$'000 | Total<br>\$'000 |
|-----------------------------------|---------------------------------|------------------------------------------|------------------------------|-----------------|
| <b>YEAR ENDED 30 JUNE 2022</b>    |                                 |                                          |                              |                 |
| Cost or fair value                | 7,709                           | 2,055                                    | 1,512                        | 11,276          |
| Accumulated depreciation          | (5,277)                         | (1,528)                                  | (857)                        | (7,662)         |
| <b>Net book amount</b>            | <b>2,432</b>                    | <b>527</b>                               | <b>655</b>                   | <b>3,614</b>    |
| Opening net book amount           | 2,032                           | 628                                      | 1,039                        | 3,699           |
| Exchange differences              | (2)                             | (2)                                      | -                            | (4)             |
| Additions                         | 837                             | 256                                      | 206                          | 1,299           |
| Reclassifications                 | 213                             | (184)                                    | (390)                        | (361)           |
| Disposals                         | (12)                            | (10)                                     | (1)                          | (23)            |
| Disposals of assets of subsidiary | (153)                           | (8)                                      | -                            | (161)           |
| Depreciation charge               | (483)                           | (153)                                    | (199)                        | (835)           |
| <b>Closing net book amount</b>    | <b>2,432</b>                    | <b>527</b>                               | <b>655</b>                   | <b>3,614</b>    |
| <b>YEAR ENDED 30 JUNE 2023</b>    |                                 |                                          |                              |                 |
| Cost or fair value                | 8,195                           | 2,249                                    | 1,899                        | 12,343          |
| Accumulated depreciation          | (4,319)                         | (1,727)                                  | (1,219)                      | (7,265)         |
| <b>Net book amount</b>            | <b>3,876</b>                    | <b>522</b>                               | <b>680</b>                   | <b>5,078</b>    |
| Opening net book amount           | 2,432                           | 527                                      | 655                          | 3,614           |
| Exchange differences              | 3                               | -                                        | -                            | 3               |
| Additions                         | 2,552                           | 92                                       | 396                          | 3,040           |
| Reclassifications                 | (67)                            | 146                                      | (98)                         | (19)            |
| Depreciation charge               | (1,044)                         | (243)                                    | (273)                        | (1,560)         |
| <b>Closing net book amount</b>    | <b>3,876</b>                    | <b>522</b>                               | <b>680</b>                   | <b>5,078</b>    |

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7. Non-financial assets and liabilities (continued)

Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives.

The depreciation rates are as follows:

- Fixtures and fittings ..... 10-50%
- Office furniture and equipment..... 10-40%
- Computer equipment ..... 20-50%

Accounting policy

The Group’s accounting policy for plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed above.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (note 24(c)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.



## 7. Non-financial assets and liabilities (continued)

### b. Leases

This note provides information on leases where the Group is a lessee.

#### i. Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

|                            | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------|-------|----------------|----------------|
| <b>Right-of-use-assets</b> |       |                |                |
| Premises                   |       | 36,873         | 30,985         |
| Equipment                  |       | 2,197          | 3,123          |
|                            |       | <b>39,070</b>  | <b>34,108</b>  |
| <b>Lease liabilities</b>   |       |                |                |
| Current                    |       | 16,449         | 9,102          |
| Non-current                |       | 31,007         | 33,416         |
|                            | 9(c)  | <b>47,456</b>  | <b>42,518</b>  |

Additions to the right-of-use assets during the 2023 financial year were \$16,429,000 (2022: \$9,529,000).

#### ii. Amounts recognised in the statement of profit or loss

|                                                                                                                           | Notes | 2023<br>\$'000  | 2022<br>\$'000 |
|---------------------------------------------------------------------------------------------------------------------------|-------|-----------------|----------------|
| <b>Depreciation charge of right-of-use-assets</b>                                                                         |       |                 |                |
| Premises                                                                                                                  |       | (8,852)         | (7,784)        |
| Equipment                                                                                                                 |       | (1,489)         | (1,282)        |
|                                                                                                                           |       | <b>(10,341)</b> | <b>(9,066)</b> |
| Interest expense (included in finance cost)                                                                               | 4(d)  | (2,362)         | (2,041)        |
| Expense relating to short-term leases (included in other expenses)                                                        |       | (274)           | (595)          |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses) |       | (12)            | (16)           |

The total cash outflow for leases in 2023 was \$12,915,000 (2022: \$10,980,000).



## 7. Non-financial assets and liabilities (continued)

### iii. The Groups leasing activities and how these are accounted for

The Group leases various office premises and equipment. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options as described in (iv) below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interest in the leased assets that are held by the lessor with the exception of equipment finance leases that are governed by financial covenants under the group's borrowing arrangements as presented in note 12. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Shine Justice Ltd, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability, until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

### iv. Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.



## 7. Non-financial assets and liabilities (continued)

### Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of office premises and equipment, the following factors are normally the most relevant:

- - If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate),
- - If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate), and
- - Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and equipment leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

During the current financial year, the financial effect of revising termination options was a decrease of \$3,066,000 to the lease liability (2022: \$1,282,000) and a decrease of \$2,322,000 to the right of use asset (2022: \$1,099,000).

There was no exercising of extensions during the year that were not already taken up in the lease liability.

### v. Residual value guarantees

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

#### Estimating the amount payable under residual value guarantees

The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. Typically the expected residual value at lease commencement is equal to or higher than the guaranteed amount, so the Group does not expect to pay anything under the guarantees.

At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

## 7. Non-financial assets and liabilities (continued)

### c. Intangible assets

|                                         | Goodwill<br>\$'000 | Non –contractual<br>client relationships<br>\$'000 | IT development<br>and software<br>\$'000 | Transformation<br>Project costs<br>\$'000 | Trademarks, patents and<br>intellectual property<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------|--------------------|----------------------------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------------------------|-----------------|
| <b>YEAR ENDED 30 JUNE 2022</b>          |                    |                                                    |                                          |                                           |                                                            |                 |
| Cost                                    | 33,185             | -                                                  | 11,804                                   | 13,014                                    | 11                                                         | 58,014          |
| Accumulated amortisation and impairment | -                  | -                                                  | (2,415)                                  | (8,601)                                   | -                                                          | (11,016)        |
| <b>Net book amount</b>                  | 33,185             | -                                                  | 9,389                                    | 4,413                                     | 11                                                         | 46,998          |
| Opening net book amount                 | 36,151             | 116                                                | 6,176                                    | 6,124                                     | 11                                                         | 48,578          |
| Exchange differences                    | (6)                | -                                                  | -                                        | -                                         | -                                                          | (6)             |
| Additions - internally developed        | -                  | -                                                  | 3,058                                    | -                                         | -                                                          | 3,058           |
| Additions - separately acquired         | -                  | -                                                  | 1,739                                    | -                                         | -                                                          | 1,739           |
| Disposal of subsidiary                  | (2,960)            | -                                                  | -                                        | -                                         | -                                                          | (2,960)         |
| Disposals                               | -                  | -                                                  | (253)                                    | -                                         | -                                                          | (253)           |
| Amortisation charge                     | -                  | (116)                                              | (1,331)                                  | (1,711)                                   | -                                                          | (3,158)         |
| <b>Closing net book amount</b>          | 33,185             | -                                                  | 9,389                                    | 4,413                                     | 11                                                         | 46,998          |
| <b>YEAR ENDED 30 JUNE 2023</b>          |                    |                                                    |                                          |                                           |                                                            |                 |
| Cost                                    | 33,189             | -                                                  | 14,662                                   | 11,718                                    | -                                                          | 59,569          |
| Accumulated amortisation and impairment | -                  | -                                                  | (3,347)                                  | (9,154)                                   | -                                                          | (12,501)        |
| <b>Net book amount</b>                  | 33,189             | -                                                  | 11,315                                   | 2,564                                     | -                                                          | 47,068          |
| Opening net book amount                 | 33,185             | -                                                  | 9,389                                    | 4,413                                     | 11                                                         | 46,998          |
| Exchange differences                    | 4                  | -                                                  | -                                        | -                                         | -                                                          | 4               |
| Additions – internally developed        | -                  | -                                                  | 3,317                                    | -                                         | -                                                          | 3,317           |
| Additions – separately acquired         | -                  | -                                                  | 1,262                                    | -                                         | -                                                          | 1,262           |
| Disposals                               | -                  | -                                                  | (251)                                    | -                                         | -                                                          | (251)           |
| Amortisation charge                     | -                  | -                                                  | (2,402)                                  | (1,849)                                   | (11)                                                       | (4,262)         |
| <b>Closing net book amount</b>          | 33,189             | -                                                  | 11,315                                   | 2,564                                     | -                                                          | 47,068          |



## 7. Non-financial assets and liabilities (continued)

### i. Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Transformation Project costs .....8 years
- Patents and trademarks .....10 years
- IT development and software ..... 3-5 years

See note 24(c) for the Group's policy regarding impairments.

#### Transformation Project Costs

This is amortised on a straight-line basis to the extent that it will deliver future economic benefits and these benefits can be measured reliably.

### Accounting policy

#### Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software is available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

## 7. Non-financial assets and liabilities (continued)

### ii. Impairment tests for goodwill

Goodwill is monitored by management at the level of the two operating segments identified in note 2(a). During the year, the Abuse business was moved from the NPA segment to the PI segment. As a result, a goodwill amount of \$5,920,000 relating to the Abuse business was reclassified on a relative fair value basis.

A summary of the goodwill allocation by segment is presented below:

|                                 | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------|----------------|----------------|
| <b>Goodwill carrying amount</b> |                |                |
| Personal Injury                 | 20,108         | 14,188         |
| New Practice Areas              | 13,081         | 18,997         |
|                                 | <b>33,189</b>  | <b>33,185</b>  |

#### Significant estimate: key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on board approved financial budgets for FY24. Cash flows are extrapolated using the estimated growth rates stated below. These growth rates are consistent with both historical trends and future forecasts projected.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

|                                        | Personal Injury <sup>1</sup> | New Practice Areas <sup>1</sup> |
|----------------------------------------|------------------------------|---------------------------------|
| <b>2023</b>                            |                              |                                 |
| Revenue volume (% annual growth rate)  | 4.2                          | 5.4                             |
| Operating costs (% annual growth rate) | 3.0 to 9.0                   | 3.0 to 9.0                      |
| Long-term growth rate (%)              | 3.0                          | 3.0                             |
| Pre-tax discount rate (%)              | 13.8                         | 14.4                            |
| <b>2022</b>                            |                              |                                 |
| Revenue volume (% annual growth rate)  | 6.9                          | 7.9                             |
| Operating costs (% annual growth rate) | 3.0 to 7.0                   | 3.0 to 7.0                      |
| Long-term growth rate (%)              | 3.0                          | 3.0                             |
| Pre-tax discount rate (%)              | 13.2                         | 13.6                            |

<sup>1</sup> Comparatives have been revised to reflect the sensitivities of the Abuse law business being included in the Personal Injury segment.



## 7. Non-financial assets and liabilities (continued)

Management has determined the values assigned to each of the above key assumptions as follows:

| Assumption             | Approach used to determine values                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue                | <p>Average annual growth rate over the five-year forecast period is based on past performance, FY24 budget and management's expectations of future changes in the market. Case settlement timeframes are based on a combination of historical performance in each respective segment and specific case-by-case analysis. The group also assumes that over time, productivity growth and billings growth converge.</p> <p><b>Personal Injury Segment</b></p> <p>In relation to the PI CGU, long-term average annual growth rates have historically been in excess of 5%. The FY24 budget prepared by management incorporates a focus on file velocity improvements and as a result, is forecast to be below trend before normalising in future years to historical averages.</p> <p>As a result, it is considered appropriate that based on expectations of future performance, it is reasonable to maintain an annual growth rate of 4.2%.</p> <p><b>New Practice Areas Segment</b></p> <p>In relation to the NPA CGU, historical average performance has been in excess of an annual growth rate of 10%. It is anticipated future growth will primarily be driven from the Class Action business with a number of cases expected to conclude during FY24. As a result, it is considered appropriate that based on expectations of future performance, it is reasonable to continue to maintain an annual growth rate of 5.4%.</p> |
| Operating costs        | <p>Fixed costs of the CGUs, which do not vary significantly with revenue volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Long-term growth rate  | <p>This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Pre-tax discount rates | <p>Reflect specific risks relating to the relevant segments and the jurisdictions in which they operate.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

### iii. Significant estimate: impairment charge

Based on the impairment testing performed, the results of the impairment testing of each CGU concluded that no impairment charge against goodwill is to be recognised at 30 June 2023.

### iv. Significant estimate: impairment if changes in key assumptions

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have discussed these instances that could cause the carrying amount of the Personal Injury CGU and the New Practice Areas CGU to exceed its recoverable amount below.

## 7. Non-financial assets and liabilities (continued)

### Personal Injury CGU

Due to the growth in work-in-progress and unbilled disbursements during the year because of delayed case settlements, the PI CGU is more sensitive in 2023 to changes in key assumptions. The Directors believe that a focus in 2024 on cash conversion, case settlements and reduced costs will reduce the carrying value and improve the cashflow of the CGU, thereby mitigating the risk of a future impairment. The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows, with all other assumptions remaining constant:

|                                       | 2023 |      | 2022* |      |
|---------------------------------------|------|------|-------|------|
|                                       | From | To   | From  | To   |
| Revenue volume (% annual growth rate) | 4.2  | 3.0  | 6.9   | 5.4  |
| Long-term growth rate (%)             | 3.0  | -0.2 | 3.0   | -1.2 |
| Pre-tax discount rate (%)             | 13.8 | 15.6 | 13.2  | 15.6 |

### New Practice Areas CGU

Although there are no reasonably possible changes in key assumptions that would indicate an impairment, the recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows with all other assumptions remaining constant:

|                                       | 2023 |       | 2022* |       |
|---------------------------------------|------|-------|-------|-------|
|                                       | From | To    | From  | To    |
| Revenue volume (% annual growth rate) | 5.4  | -1.8  | 7.9   | 3.6   |
| Long-term growth rate (%)             | 3.0  | -67.4 | 3.0   | -15.0 |
| Pre-tax discount rate (%)             | 14.4 | 26.9  | 13.6  | 20.7  |

\* Comparatives have been revised to reflect the sensitivities of the Abuse law business being included in the Personal Injury segment.

### Accounting policy

#### Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 2).



## 7. Non-financial assets and liabilities (continued)

### d. Deferred tax balances

#### i. Deferred tax balances

|                          | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------|----------------|----------------|
| Deferred tax assets      | 17,457         | 12,177         |
| Deferred tax liabilities | (133,540)      | (126,000)      |
|                          | (116,083)      | (113,823)      |

#### ii. Deferred tax assets

|                                                                     | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------------------------------------|----------------|----------------|
| <b>The balance comprises temporary differences attributable to:</b> |                |                |
| Tax losses                                                          | 8,393          | 2,753          |
| Provisions                                                          | 6,277          | 5,989          |
|                                                                     | 14,670         | 8,742          |
| <b>Other</b>                                                        |                |                |
| Leases                                                              | 2,514          | 2,598          |
| Employee LTI                                                        | 273            | 837            |
|                                                                     | 2,787          | 3,435          |
| <b>Total deferred tax assets</b>                                    | <b>17,457</b>  | <b>12,177</b>  |

### Significant estimates

The deferred tax assets include an amount of \$8,100,000 (2022: \$2,400,000) which relates to Australian carried-forward tax losses. The primary driver of the increased carried-forward losses, is the growth in WIP and disbursements during the year. New Zealand carry forward tax losses amount to \$293,000 (2022: \$353,000). The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Group. The losses can be carried forward indefinitely and have no expiry date. See note 5(c) for more details.



## 7. Non-financial assets and liabilities (continued)

| MOVEMENTS                                        | Tax losses<br>\$'000 | Provisions<br>\$'000 | Leases<br>\$'000 | Employee LTI<br>\$'000 | Sundry<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------|----------------------|----------------------|------------------|------------------------|------------------|-----------------|
| <b>Balance at 1 July 2021</b>                    | 7,433                | 6,478                | 2,646            | 456                    | (30)             | 16,983          |
| (Charged)/credited                               |                      |                      |                  |                        |                  |                 |
| to statement of comprehensive income             | (5,003)              | 134                  | (48)             | 381                    | (5)              | (4,541)         |
| to statement of financial position               | -                    | -                    | -                | -                      | 35               | 35              |
| on disposal of subsidiary                        | 323                  | (623)                | -                | -                      | -                | (300)           |
| <b>Balance at 30 June 2022 &amp; 1 July 2022</b> | 2,753                | 5,989                | 2,598            | 837                    | -                | 12,177          |
| (Charged)/credited                               |                      |                      |                  |                        |                  |                 |
| to statement of comprehensive income             | 5,640                | 288                  | (84)             | (564)                  | -                | 5,280           |
| to statement of financial position               | -                    | -                    | -                | -                      | -                | -               |
| <b>Balance at 30 June 2023</b>                   | 8,393                | 6,277                | 2,514            | 273                    | -                | 17,457          |

### iii. Deferred tax liabilities

|                                                                     | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------------------------------------|----------------|----------------|
| <b>The balance comprises temporary differences attributable to:</b> |                |                |
| Work in progress and disbursements                                  | 131,721        | 123,550        |
| Intangible assets                                                   | 1,172          | 1,362          |
| Plant and equipment                                                 | 227            | 482            |
| Cash flow hedges                                                    | 420            | 606            |
| <b>Total deferred tax liabilities</b>                               | <b>133,540</b> | <b>126,000</b> |



## 7. Non-financial assets and liabilities (continued)

### Offsetting within tax consolidated Group

Shine Justice Ltd and its wholly owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. Consequently, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

| MOVEMENTS                                        | WIP and<br>Disburs.<br>\$'000 | Intangible<br>assets<br>\$'000 | Plant and<br>equipment<br>\$'000 | Cash flow<br>hedges<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------|-------------------------------|--------------------------------|----------------------------------|-------------------------------|-----------------|
| <b>Balance at 1 July 2021</b>                    | 118,356                       | 1,172                          | 240                              | -                             | 119,768         |
| (Charged)/credited                               |                               |                                |                                  |                               |                 |
| to statement of comprehensive income             | 8,559                         | 190                            | 242                              | -                             | 8,991           |
| to statement of financial position               | -                             | -                              | -                                | 606                           | 606             |
| on disposal of subsidiary                        | (3,365)                       | -                              | -                                | -                             | (3,365)         |
| <b>Balance at 30 June 2022 &amp; 1 July 2022</b> | 123,550                       | 1,362                          | 482                              | 606                           | 126,000         |
| (Charged)/credited                               |                               |                                |                                  |                               |                 |
| to statement of comprehensive income             | 8,171                         | (190)                          | (255)                            | -                             | 7,726           |
| to statement of financial position               | -                             | -                              | -                                | (186)                         | (186)           |
| <b>Balance at 30 June 2023</b>                   | 131,721                       | 1,172                          | 227                              | 420                           | 133,540         |

### e. Current tax balances

|                         | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------|----------------|----------------|
| Current tax receivable  | 2,095          | -              |
| Current tax liabilities | -              | (233)          |

### Accounting policy

See note 5 for more detail on the Group's income tax accounting policy.

### f. Other assets

|                             | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------|----------------|----------------|
| <b>Other current assets</b> |                |                |
| Prepayments                 | 4,493          | 4,653          |
|                             | 4,493          | 4,653          |

Prepayments are expected to be realised to the consolidated statement of profit or loss within 12 months of recognition.

## 7. Non-financial assets and liabilities (continued)

### g. Employee benefit obligations

|                                           | 2023              |                        |                 | 2022              |                        |                 |
|-------------------------------------------|-------------------|------------------------|-----------------|-------------------|------------------------|-----------------|
|                                           | Current<br>\$'000 | Non- Current<br>\$'000 | Total<br>\$'000 | Current<br>\$'000 | Non- current<br>\$'000 | Total<br>\$'000 |
| Leave obligations                         | 10,596            | 1,364                  | 11,960          | 9,989             | 1,357                  | 11,346          |
| <b>Total employee benefit obligations</b> | <b>10,596</b>     | <b>1,364</b>           | <b>11,960</b>   | <b>9,989</b>      | <b>1,357</b>           | <b>11,346</b>   |

#### Leave obligations

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits.

The current portion of this liability includes all the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and for those employees who are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$10,596,000 (2022: \$9,989,000) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

|                                                                  | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------------------------------------------|----------------|----------------|
| Current leave obligations expected to be settled after 12 months | 6,076          | 6,174          |

#### Accounting policy

##### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations in the balance sheet.

##### Other long-term employee benefit obligations

The Group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.



## 7. Non-financial assets and liabilities (continued)

### h. Provisions

|                         | 2023              |                       |                 | 2022              |                       |                 |
|-------------------------|-------------------|-----------------------|-----------------|-------------------|-----------------------|-----------------|
|                         | Current<br>\$'000 | Non-current<br>\$'000 | Total<br>\$'000 | Current<br>\$'000 | Non-current<br>\$'000 | Total<br>\$'000 |
| Make good provision (i) | 115               | 2,088                 | 2,203           | 215               | 1,515                 | 1,730           |
|                         | 115               | 2,088                 | 2,203           | 215               | 1,515                 | 1,730           |

### i. Information about individual provisions and significant estimates

#### Make good provision

Shine Justice Ltd is required to restore the leased premises of its offices and branches to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the right of use asset and are amortised over the shorter of the term of the lease and the useful life of the assets.

### ii. Movements in provisions

| 2023                                 | Make good provision<br>\$'000 |
|--------------------------------------|-------------------------------|
| Balance at 1 July 2022               | 1,730                         |
| Charged/(credited) to profit or loss |                               |
| additional provisions recognised     | 97                            |
| amounts released                     | 590                           |
| Derecognised on disposal of leases   | (214)                         |
| <b>Balance at 30 June 2023</b>       | <b>2,203</b>                  |

#### Accounting policy

Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## 8. Equity

### a. Share capital

|                            | 2023<br>Shares     | 2022<br>Shares     | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------|--------------------|--------------------|----------------|----------------|
| <b>Ordinary shares</b>     |                    |                    |                |                |
| Fully paid                 | 173,261,812        | 173,261,812        | 53,223         | 53,223         |
| <b>Total share capital</b> | <b>173,261,812</b> | <b>173,261,812</b> | <b>53,223</b>  | <b>53,223</b>  |

### i. Movements in ordinary shares

|                                                  | Number of shares<br>(thousands)<br># | Total<br>\$'000 |
|--------------------------------------------------|--------------------------------------|-----------------|
| <b>Details</b>                                   |                                      |                 |
| <b>Balance at 30 June 2022 &amp; 1 July 2022</b> | 173,262                              | 53,223          |
| <b>Balance at 30 June 2023</b>                   | <b>173,262</b>                       | <b>53,223</b>   |

### ii. Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the Shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each Share is entitled to one vote.

The Company does not have a limited amount of authorised capital. The ordinary shares have no par value.

### iii. Dividend reinvestment plan

The Company does not currently operate a dividend reinvestment plan.

### iv. Employee share scheme issues

Information relating to the Shine Justice Performance Rights Plan, including details of performance rights issued, exercised and lapsed during the financial year and rights outstanding at the end of the reporting period, is set out in note 19.

### v. Share buy-back

There is no current on-market buy-back.

### Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Shine Justice Ltd as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Shine Justice Ltd.

Shares held by the Shine Justice Employee Share Trust are disclosed as treasury shares and deducted from contributed equity.



## 8. Equity (continued)

### b. Other equity

#### i. Treasury shares

Treasury shares are shares in Shine Justice Ltd that are held by the Shine Justice Employee Share Trust for the purpose of allocating shares under the Shine Justice Performance Rights Plan and the Shine Justice Non-Executive Director Equity Plan (see note 19 for further information).

|                                                                             | 2023             |            | 2022             |              |
|-----------------------------------------------------------------------------|------------------|------------|------------------|--------------|
|                                                                             | Number of shares | \$'000     | Number of shares | \$'000       |
| <b>Details</b>                                                              |                  |            |                  |              |
| Opening balance 1 July                                                      | 1,154,915        | 1,325      | 63,212           | 62           |
| Acquisition of shares under the non-executive director fee sacrifice scheme | 142,015          | 171        | 341,703          | 424          |
| Acquisition of shares under the employee share scheme                       | 879,999          | 1,106      | 1,691,552        | 2,012        |
| Allocation of shares to employees under the employees share scheme          | (1,568,322)      | (1,837)    | (941,552)        | (1,173)      |
| <b>Balance at 30 June</b>                                                   | <b>608,607</b>   | <b>765</b> | <b>1,154,915</b> | <b>1,325</b> |

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## 8. Equity (continued)

### c. Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

|                                                              | Notes | Foreign<br>currency<br>translation<br>\$'000 | Hedging<br>\$'000 | Share-<br>based<br>payments<br>\$'000 | Non-controlling<br>interest<br>reserve<br>\$'000 | Total other<br>reserves<br>\$'000 |
|--------------------------------------------------------------|-------|----------------------------------------------|-------------------|---------------------------------------|--------------------------------------------------|-----------------------------------|
| <b>Balance at 1 July 2021</b>                                |       | (539)                                        | -                 | 1,538                                 | -                                                | 999                               |
| Currency translation difference                              |       | 5                                            | -                 | -                                     | -                                                | 5                                 |
| Revaluation - gross                                          |       | -                                            | 2,019             | -                                     | -                                                | 2,019                             |
| Deferred tax                                                 |       | -                                            | (606)             | -                                     | -                                                | (606)                             |
| <b>Other comprehensive income</b>                            |       | 5                                            | 1,413             | -                                     | -                                                | 1,418                             |
| <b>Transactions with owners in their capacity as owners:</b> |       |                                              |                   |                                       |                                                  |                                   |
| Allocation of shares to employees                            |       | -                                            | -                 | (1,173)                               | -                                                | (1,173)                           |
| Share schemes – value of services                            | 19(b) | -                                            | -                 | 2,547                                 | -                                                | 2,547                             |
| Non-controlling interest acquired                            |       | -                                            | -                 | -                                     | (71)                                             | (71)                              |
| <b>Balance at 30 June 2022 and 1 July 2022</b>               |       | (534)                                        | 1,413             | 2,912                                 | (71)                                             | 3,720                             |
| Currency translation difference                              |       | 60                                           | -                 | -                                     | -                                                | 60                                |
| Revaluation - gross                                          |       | -                                            | (621)             | -                                     | -                                                | (621)                             |
| Deferred tax                                                 |       | -                                            | 186               | -                                     | -                                                | 186                               |
| <b>Other comprehensive income</b>                            |       | 60                                           | (435)             | -                                     | -                                                | (375)                             |
| <b>Transactions with owners in their capacity as owners:</b> |       |                                              |                   |                                       |                                                  |                                   |
| Allocation of shares to employees                            |       | -                                            | -                 | (1,837)                               | -                                                | (1,837)                           |
| Share schemes – value of services                            | 19(b) | -                                            | -                 | 43                                    | -                                                | 43                                |
| <b>Balance at 30 June 2023</b>                               |       | (474)                                        | 978               | 1,118                                 | (71)                                             | 1,551                             |



## 8. Equity (continued)

### Nature and purposes of reserves

#### Equity share reserve

The equity share reserve is used to recognise:

- the grant date fair value of performance rights granted to employees but not yet vested,
- the allocation of shares held by the Shine Justice Ltd Employee Share Trust to employees, and
- the allocation of shares held by the Shine Justice Ltd Employee Share Trust to non-executive directors.

#### Transactions with non-controlling interests

This reserve is used to record the differences described in note 14(b) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

#### Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 24(b) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

#### Hedging reserves

The hedging reserve includes the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 24(f).

### d. Retained earnings

Movement in retained earnings were as follows:

|                           | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------|-------|----------------|----------------|
| <b>Balance at 1 July</b>  |       | <b>222,020</b> | 200,840        |
| Net profit for the period |       | <b>3,315</b>   | 31,143         |
| Dividends                 | 12(b) | <b>(8,663)</b> | (9,963)        |
| <b>Balance at 30 June</b> |       | <b>216,672</b> | 222,020        |



## 9. Cash flow information

### a. Reconciliation of profit after income tax to net cash inflow from operating activities

|                                                     | 2023<br>\$'000  | 2022<br>\$'000 |
|-----------------------------------------------------|-----------------|----------------|
| <b>Profit for the period</b>                        | <b>3,312</b>    | 31,213         |
| <b>Adjustments for:</b>                             |                 |                |
| Depreciation and amortisation                       | <b>16,163</b>   | 13,039         |
| Net gain on sale of non-current assets              | <b>714</b>      | 112            |
| Interest on make good provision                     | <b>97</b>       | 82             |
| Employee share scheme                               | <b>43</b>       | 2,547          |
| Loss on disposal of subsidiary                      | -               | 718            |
| Costs associated with disposal of subsidiary        | -               | 82             |
| <b>Changes in operating assets and liabilities</b>  |                 |                |
| Decrease/(increase) in trade receivables            | <b>2,781</b>    | (5,677)        |
| Decrease in other assets                            | <b>3,947</b>    | 2,776          |
| (Increase)/decrease in work in progress             | <b>(48,718)</b> | (41,582)       |
| Decrease/(increase) in disbursements                | <b>15,197</b>   | 352            |
| (Decrease)/increase in trade creditors and accruals | <b>13,737</b>   | 8,591          |
| (Decrease) in income taxes payable                  | <b>(2,105)</b>  | (16)           |
| Increase in deferred tax liabilities                | <b>2,447</b>    | 13,481         |
| Increase in provisions                              | <b>712</b>      | 1,620          |
| <b>Net cash inflow from operating activities</b>    | <b>8,327</b>    | 27,338         |



## 9. Cash flow information (continued)

### b. Net debt

This section sets out an analysis of debt for each of the periods presented:

|                                                              | Notes | 2023<br>\$'000  | 2022<br>\$'000  |
|--------------------------------------------------------------|-------|-----------------|-----------------|
| Cash and cash equivalents                                    | 6(c)  | 21,088          | 51,864          |
| Borrowings – repayable within one year (including overdraft) | 6(h)  | (64,424)        | (5,196)         |
| Lease liabilities – repayable within one year                | 7(b)  | (16,449)        | (9,102)         |
| Borrowings – repayable after one year                        | 6(h)  | -               | (45,000)        |
| Lease liabilities – repayable after one year                 | 7(b)  | (31,007)        | (33,416)        |
| <b>Net debt</b>                                              |       | <b>(90,792)</b> | <b>(40,850)</b> |
| Cash and cash equivalents                                    | 6(c)  | 21,088          | 51,864          |
| Gross debt – fixed interest rates                            |       | (84,766)        | (80,631)        |
| Gross debt – variable interest rates                         | 6(h)  | (27,114)        | (12,083)        |
| <b>Net debt</b>                                              |       | <b>(90,792)</b> | <b>(40,850)</b> |

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## 9. Cash flow information (continued)

### c. Reconciliation of liabilities arising from financing activities to financing cash flows

|                                                  | Liabilities from financing activities |                      |                  |                 |
|--------------------------------------------------|---------------------------------------|----------------------|------------------|-----------------|
|                                                  | Disbursement<br>funding<br>\$'000     | Borrowings<br>\$'000 | Leases<br>\$'000 | Total<br>\$'000 |
| <b>Balance at 1 July 2021</b>                    | (80,101)                              | (50,383)             | (42,943)         | (173,427)       |
| Cash flows – repayments                          | 38,966                                | 5,628                | 8,936            | 53,530          |
| Cash flows – drawings                            | (37,502)                              | (2,000)              | -                | (39,502)        |
| Interest on disbursement funding arrangements    | (9,644)                               | -                    | -                | (9,644)         |
| Payments from lenders direct to suppliers        | -                                     | (3,463)              | -                | (3,463)         |
| Disposal of business                             | -                                     | 22                   | -                | 22              |
| Acquisitions – leases                            | -                                     | -                    | (9,902)          | (9,902)         |
| Terminations – leases                            | -                                     | -                    | 1,359            | 1,359           |
| Foreign exchange adjustments                     | -                                     | -                    | 32               | 32              |
| <b>Balance at 30 June 2022 &amp; 1 July 2022</b> | (88,281)                              | (50,196)             | (42,518)         | (180,995)       |
| Cash flows – repayments                          | 54,999                                | 15,321               | 10,553           | 80,873          |
| Cash flows – drawings                            | (35,435)                              | (25,762)             | -                | (61,197)        |
| Interest on disbursement funding arrangements    | (10,958)                              | -                    | -                | (10,958)        |
| Payments from lenders direct to suppliers        | -                                     | (3,787)              | -                | (3,787)         |
| Acquisitions – leases                            | -                                     | -                    | (18,555)         | (18,555)        |
| Terminations – leases                            | -                                     | -                    | 3,067            | 3,067           |
| Foreign exchange adjustments                     | -                                     | -                    | (3)              | (3)             |
| <b>Balance at 30 June 2023</b>                   | (79,675)                              | (64,424)             | (47,456)         | (191,555)       |

### d. Prior year cashflow restatement

Shine has restated the comparatives in the Statement of Cash flows with respect to transactions related to disbursement funding creditors from Credit contracts and the Exclusive Service Provider Deed. These cash flows have been reclassified from Operating Activities to Financing Activities to better reflect the nature of these arrangements. In doing so, the Group has also reflected cash inflows received on behalf of Shine on successful resolution of matters and paid to disbursement funding creditors as operating cash inflows and financing cash outflows respectively. The 2022 comparatives have been adjusted to reclassify \$16.7 million of cash outflows from Net cash inflow from operating activities to net cash outflow from financing activities.



**Risk**

This section of the notes discusses the Group’s exposure to various risks and shows how these could affect the Group’s financial position and performance.

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## 10. Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

### a. Significant estimates and judgements

The areas involving significant estimates or judgements are:

- estimated fair value of certain financial assets – note 6(i)
- estimation uncertainties and judgements made in relation to lease accounting – note 7(b)
- estimated recovery of goodwill – note 7(c)
- recoverability of work in progress – note 3
- recoverability of interest on the Ethicon Mesh disbursement funding facility – note 6(i) and note 17(b)
- impairment of financial assets – note 11(c)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

## 11. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

| Risk                                  | Exposure arising from                                                                                               | Measurement                                   | Management                                                      |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------|
| <b>Market risk – foreign exchange</b> | Future commercial transactions<br>Recognised financial assets and liabilities not denominated in Australian dollars | Cash flow forecasting<br>Sensitivity analysis | Negligible                                                      |
| <b>Market risk – interest rate</b>    | Long-term borrowings at variable rates                                                                              | Sensitivity analysis                          | Interest rate swaps                                             |
| <b>Credit risk</b>                    | Cash and cash equivalents, trade receivables and contract assets                                                    | Ageing analysis<br>Credit ratings             | Diversification of bank deposits and credit limits              |
| <b>Liquidity risk</b>                 | Borrowings and other liabilities                                                                                    | Rolling cash flow forecasts                   | Availability of committed credit lines and borrowing facilities |

The Group's financial risk management is predominantly controlled by the Group Finance department under policies approved by the board of directors. Group Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

The board approves written principles for overall risk management, as well as 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
- investment of excess liquidity.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate borrowings.

### a. Derivatives

The Group has the following derivative financial instruments in the following line items in the balance sheet:

|                                                                 | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------------------|----------------|----------------|
| <b>Current assets</b>                                           |                |                |
| Interest rate swaps – cash flow hedges (b)(ii)                  | 1,398          | 893            |
| <b>Total current derivative financial instrument assets</b>     | <b>1,398</b>   | <b>893</b>     |
| <b>Non-current assets</b>                                       |                |                |
| Interest rate swaps – cash flow hedges (b)(ii)                  | -              | 1,126          |
| <b>Total non-current derivative financial instrument assets</b> | <b>-</b>       | <b>1,126</b>   |

## 11. Financial risk management (continued)

### i. Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for its cash flow hedges is set out in note 24(f). Further information about the derivatives used by the Group is provided in note 11(b) below.

### ii. Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives, see note 6(i).

### iii. Hedging reserves

The Group's hedging reserves disclosed in note 8(c) relate to the following hedging instruments:

|                                                                                 | Notes | Interest rate swap<br>\$'000 | Total hedge reserves<br>\$'000 |
|---------------------------------------------------------------------------------|-------|------------------------------|--------------------------------|
| Balance at 1 July 2021                                                          |       | -                            | -                              |
| Add: Change in fair value of hedging instrument recognised in OCI for the year  |       | 2,019                        | 2,019                          |
| Less: Deferred tax                                                              |       | (606)                        | (606)                          |
| <b>Balance at 30 June 2022 &amp; 1 July 2022</b>                                |       | <b>1,413</b>                 | <b>1,413</b>                   |
| Less: Change in fair value of hedging instrument recognised in OCI for the year | 8(c)  | (621)                        | (621)                          |
| Add: Deferred tax                                                               | 8(c)  | 186                          | 186                            |
| <b>Balance at 30 June 2023</b>                                                  |       | <b>978</b>                   | <b>978</b>                     |

### Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as:

- reference rate
- reset dates
- payment dates
- maturities, and
- notional amount.

The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2023.



## 11. Financial risk management (continued)

### b. Market risk

#### i. Foreign exchange risk

##### Exposure

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

|                           | 2023<br>NZD<br>\$'000 | 2022<br>NZD<br>\$'000 |
|---------------------------|-----------------------|-----------------------|
| Cash and cash equivalents | 358                   | 980                   |
| Trade receivables         | 24                    | 346                   |
| Trade payables            | (2)                   | (83)                  |
| Lease liabilities         | (1,362)               | (851)                 |
| Other                     | 338                   | 184                   |

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

|                                                                                                      | 2023<br>NZD<br>\$'000 | 2022<br>NZD<br>\$'000 |
|------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Net foreign exchange gain in other gains/(losses)                                                    | 13                    | (34)                  |
| Exchange gains on foreign currency borrowing included in finance costs                               | 117                   | 38                    |
| <b>Total net foreign exchanges gain/(loss) recognised in profit before income tax for the period</b> | <b>130</b>            | <b>4</b>              |

##### Instruments used by the Group

The Group operates internationally and is exposed to foreign exchange risk, primarily the New Zealand dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity.

There is currently no hedging of the foreign exchange risk.

##### Sensitivity

The Group is primarily exposed to changes in NZ/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from NZ dollar-denominated financial instruments and the impact on other components of equity is currently considered immaterial.

## 11. Financial risk management (continued)

### ii. Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Board periodically reviews the Group's interest rate exposure and may enter into short term interest rate hedge arrangements. During 2023, the Group's borrowings at variable rate were mainly denominated in Australian dollars only.

The Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

|                                                     | Note      | 2023<br>\$'000 | % of total loans<br>borrowings | 2022<br>\$'000 | % of total loans<br>borrowings |
|-----------------------------------------------------|-----------|----------------|--------------------------------|----------------|--------------------------------|
| Variable rate borrowings                            | 6(h)      | 27,114         | 42%                            | 12,083         | 24%                            |
| Fixed rate borrowings – repricing or maturity dates |           |                |                                |                |                                |
| Less than 1 year                                    | 6(h)(iii) | 37,310         | 58%                            | 2,113          | 4%                             |
| 1 – 5 years                                         | 6(h)(iii) | -              | -                              | 36,000         | 72%                            |
| Over 5 years                                        |           | -              | -                              | -              | -                              |
|                                                     |           | 64,424         | 100%                           | 50,196         | 100%                           |

An analysis by maturities is provided in note 11(d) (ii). The percentage of total borrowings shows the proportion of borrowings that are currently at variable rates in relation to the total amount of borrowings.

#### Instruments used by the Group

A swap is currently in place covering approximately 59% (2022 – 75%) of the variable loan principal outstanding. The fixed interest rate of the swap is 0.65% (2022 – 0.65%) and the variable rates of the loans are between 2.69% and 3.50% above the 90 day bank bill rate which at the end of the reporting period was 4.40%.

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

#### Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

|                                                                               | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------------------------------------|----------------|----------------|
| Carrying amount (current and non-current asset) (\$'000)                      | 1,398          | 2,019          |
| Notional amount (\$'000)                                                      | 36,000         | 36,000         |
| Maturity date                                                                 | 2024           | 2024           |
| Hedge ratio                                                                   | 1:1            | 1:1            |
| Change in fair value of outstanding hedging instruments since 1 July (\$'000) | (621)          | 2,019          |
| Change in value of hedged item used to determine hedge effectiveness (\$'000) | 621            | (2,019)        |
| Weighted average hedged rate for the year (%)                                 | 0.65           | 0.65           |

## 11. Financial risk management (continued)

### Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings and the fair value of debt investments at fair value through other comprehensive income.

|                                                               | Impact on post-tax profit |                | Impact on other component of equity |                |
|---------------------------------------------------------------|---------------------------|----------------|-------------------------------------|----------------|
|                                                               | 2023<br>\$'000            | 2022<br>\$'000 | 2023<br>\$'000                      | 2022<br>\$'000 |
| Interest rates – increase by 100 basis points (2022: 100bps)* | (172)                     | (85)           | 160                                 | 167            |
| Interest rates – decrease by 100 basis points (2022: 100bps)* | 172                       | 85             | (160)                               | (167)          |

\* Holding all other variables constant

### Collectability risk

One of the Group's main risks arises from unbilled disbursements where there is a risk of non-recoverability on legal matters that are on a no-win no-fee basis. This risk is mitigated through a number of processes including the case selection process and regular review of likelihood of success during the life of the matter.

The exposure of the Group's unbilled disbursements to provision rate changes at the end of the reporting period are as follows:

|                                              | Impact on post-tax profit |                | Impact on other component of equity |                |
|----------------------------------------------|---------------------------|----------------|-------------------------------------|----------------|
|                                              | 2023<br>\$'000            | 2022<br>\$'000 | 2023<br>\$'000                      | 2022<br>\$'000 |
| Provision rates – increase by 1% (2022: 1%)* | (1,277)                   | (1,076)        | (1,277)                             | (1,076)        |
| Provision rates – decrease by 1% (2022: 1%)* | 1,277                     | 1,076          | 1,277                               | 1,076          |

\* Holding all other variables constant.

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## 11. Financial risk management (continued)

### c. Credit risk

Credit risk arises from:

- cash and cash equivalents
- deposits with banks and financial institutions, and
- credit exposures to customers, including outstanding receivables.

### i. Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

### ii. Security

For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

### iii. Impairment of financial assets

The Group uses the expected credit loss model on trade receivables from the provision of legal services.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

#### Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the following to be the most relevant factors in determining expected loss rates:

- unemployment rate
- inflation, and
- Reserve Bank of Australia cash rate



## 11. Financial risk management (continued)

On that basis, the loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade receivables:

|                                | Current | More than<br>30 days<br>past due | More than<br>60 days<br>past due | More than<br>90 days<br>past due | More than<br>120 days<br>past due | Total  |
|--------------------------------|---------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|--------|
| <b>30 June 2023</b>            |         |                                  |                                  |                                  |                                   |        |
| Expected loss rate (%)         | 0%      | 0%                               | 0%                               | 5%                               | 34%                               |        |
| Gross carrying amount (\$'000) | 4,958   | 2,213                            | 813                              | 569                              | 4,464                             | 13,017 |
| <b>Loss allowance (\$'000)</b> | -       | -                                | -                                | 34                               | 1,009                             | 1,043  |

|                                |       |       |     |     |       |        |
|--------------------------------|-------|-------|-----|-----|-------|--------|
| <b>30 June 2022</b>            |       |       |     |     |       |        |
| Expected loss rate (%)         | 0%    | 0%    | 0%  | 5%  | 15%   |        |
| Gross carrying amount (\$'000) | 7,321 | 2,203 | 649 | 749 | 4,146 | 15,068 |
| <b>Loss allowance (\$'000)</b> | -     | -     | -   | 34  | 629   | 663    |

The loss allowance for trade receivables as at 30 June 2023 reconciles to the opening loss allowance as follows:

|                                                                         | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------------------------------|----------------|----------------|
| <b>Balance at start of year</b>                                         | 663            | 1,468          |
| Increase in loss allowance recognised in profit or loss during the year | 1,178          | 145            |
| Receivables written off during the year as uncollectable                | (798)          | (950)          |
| <b>Balance at 30 June</b>                                               | 1,043          | 663            |

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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## 11. Financial risk management (continued)

### Other financial assets at amortised cost

Other financial assets at amortised cost include loans to related parties and other receivables.

The loss allowance for other financial assets at amortised cost as at 30 June 2023 reconciles to the opening loss allowance as follows:

|                                                  | Related parties<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------|---------------------------|-----------------|
| Opening loss allowance as at 1 July 2021         | 21                        | 21              |
| Closing loss allowance as at 30 June 2022        | 21                        | 21              |
| <b>Closing loss allowance as at 30 June 2023</b> | <b>21</b>                 | <b>21</b>       |

### Significant estimates and judgements

#### Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions as well as forward-looking estimates at the end of each reporting period.

#### d. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Group held cash at hand of \$21,088,000 (2022: \$51,864,000). Due to the dynamic nature of the underlying businesses, Group finance maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 6(c)) based on expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

In assessing the liquidity position of the group at 30 June 2023, the Directors have also considered the probability of a number of significant class actions settling or receiving Court approval of settlement over the course of the next 12 months, with a significant portion of these expected to settle or receive Court approval within 6 months. The quantum of cash due on these cases over the next 6 months is expected to be within the range of \$21 million to \$61 million. In consideration of all the factors above, the Directors believe there are reasonable grounds that the Group will be able to pay its debts as and when they become due and payable.



## 11. Financial risk management (continued)

### i. Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

|                                           | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------|----------------|----------------|
| <b>Variable rate</b>                      |                |                |
| Expiring within one year (line of credit) | 11,904         | 1,500          |
| Expiring beyond one year (bank loans)     | 11,458         | 18,917         |
|                                           | 23,362         | 20,417         |
| <b>Made up of</b>                         |                |                |
| On-call facilities                        | 7,000          | 11,500         |
| Special purpose financing facilities      | 16,362         | 8,917          |
|                                           | 23,362         | 20,417         |

The line of credit may be drawn at any time and may be terminated by the bank without notice. The CBA facility may be drawn at any time and is subject to annual review. Subject to the ongoing compliance with the terms of the facility, the bank loan facilities may be drawn at any time.

## 11. Financial risk management (continued)

### ii. Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all:

- a. non-derivative financial liabilities, and
- b. derivative financial instruments

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

| Contractual maturities of financial liabilities | Within 1 year<br>\$'000 | Between 1 and 5 years<br>\$'000 | Over 5 years<br>\$'000 | Total contractual cash flows<br>\$'000 | Carrying amount<br>\$'000 |
|-------------------------------------------------|-------------------------|---------------------------------|------------------------|----------------------------------------|---------------------------|
| <b>AT 30 JUNE 2023</b>                          |                         |                                 |                        |                                        |                           |
| <b>Non-derivatives</b>                          |                         |                                 |                        |                                        |                           |
| Trade and other payables <sup>1</sup>           | 107,940                 | -                               | -                      | 107,940                                | 107,940                   |
| Borrowings                                      | 64,424                  | -                               | -                      | 64,424                                 | 64,424                    |
| Lease liabilities                               | 19,419                  | 28,564                          | 6,188                  | 54,171                                 | 47,456                    |
| <b>Total non-derivatives</b>                    | <b>191,783</b>          | <b>28,564</b>                   | <b>6,188</b>           | <b>226,535</b>                         | <b>219,820</b>            |
| <b>AT 30 JUNE 2022</b>                          |                         |                                 |                        |                                        |                           |
| <b>Non-derivatives</b>                          |                         |                                 |                        |                                        |                           |
| Trade and other payables <sup>1</sup>           | 113,864                 | -                               | -                      | 113,864                                | 113,864                   |
| Borrowings                                      | 5,369                   | 48,087                          | -                      | 53,456                                 | 50,196                    |
| Deferred consideration                          | -                       | 1,696                           | -                      | 1,696                                  | 1,696                     |
| Lease liabilities                               | 10,863                  | 29,723                          | 7,532                  | 48,118                                 | 42,518                    |
| <b>Total non-derivatives</b>                    | <b>130,096</b>          | <b>79,506</b>                   | <b>7,532</b>           | <b>217,134</b>                         | <b>208,274</b>            |

<sup>1</sup> Includes disbursement creditors which are classed as all current as becomes due and payable as soon as the case ends with no certainty on the timing



## 12. Capital management

### a. Risk management

The Group's objectives when managing capital is to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may:

- adjust the amount of dividends paid to shareholders
- return capital to shareholders
- issue new shares, or
- sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital based on the following net debt to equity ratio:

**Net debt as per note 9(b)**

*divided by*

**Total 'equity' (as shown in the balance sheet, including non-controlling interests).**

The net debt to equity ratios at 30 June 2023 and 30 June 2022 were as follows:

|                                 | Notes | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------|-------|----------------|----------------|
| Net debt                        | 9(b)  | 90,792         | 40,850         |
| Total equity                    |       | 270,844        | 277,804        |
| <b>Net debt to equity ratio</b> |       | <b>34%</b>     | <b>15%</b>     |

### Financial covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- The WIP Gearing Ratio does not exceed 30%,
- The Total Gearing Ratio does not exceed 40% of the value of Net WIP and Unbilled disbursement assets, and
- The Debt to Group EBITDA Ratio does not exceed 2.25:1.00.

On 25 August 2023, the Group's main financier confirmed it was their view that the impact of the fair value adjustment on the Ethicon disbursement funding facility interest should not be included in the calculation of the Group's covenants, specifically the "Debt to Group EBITDA" ratio, as at 30 June 2023. If this fair value adjustment is not included, the Group would have complied with all financial covenants. However, as there is a technical accounting requirement of the terms of the Group's financing agreements that would include the impact of the adjustment made in respect of the Ethicon disbursement funding facility in the relevant ratio as at 30 June 2023 and as the formal communication from Group's financier confirming they do not consider there to have been a continuing breach was only received after 30 June 2023, the portion of non-current borrowings (\$45.0 million) and non-current lease liabilities in relation to equipment and fit out financing (\$5.9 million) impacted have been reclassified to current in the financial statements. Although the balances have been reclassified to current, the Group does not consider that there is a liquidity impact from this reclassification due to the waiver received and, as at 30 June 2023, even with this reclassification, the Group still had over \$100 million in net current assets.



## 12. Capital management (continued)

### b. Dividends

#### i. Ordinary shares

|                                                                                                           | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------------------------------------------------------------|----------------|----------------|
| Final dividend for the year ended 30 June 2022 of 3.50 cents<br>(2021: 3.25 cents) per fully paid share   | 6,064          | 5,631          |
| Interim dividend for the year ended 30 June 2023 of 1.50 cents<br>(2022: 2.50 cents) per fully paid share | 2,599          | 4,332          |
| <b>Total paid during the year</b>                                                                         | <b>8,663</b>   | <b>9,963</b>   |

#### ii. Dividends not recognised at the end of the reporting period

|                                                                                                                                                                                                                     | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| No final dividend has been declared or proposed for the reporting period<br>(2022: 3.50 cents per ordinary share). The aggregate amount of the proposed<br>dividends not recognised as a liability at year end, is: | -              | 6,064          |

#### iii. Franked dividends

There are no existing franking credits within the Group nor any franking credits arising from the payment of income tax in the year ending 30 June 2023.



## Group structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group. In particular, there is information about:

- changes to the structure that occurred during the prior year as a result of discontinued operations, and
- transactions with non-controlling interests.

A list of subsidiaries is provided in note 14.

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## 13. Discontinued operations

### Emanate Legal Services Pty Ltd

#### a. Description

On 26 April 2022, the Group announced its agreement to sell its Australian subsidiary, Emanate Legal Services Pty Ltd to Strand Legal Services Pty Ltd, a company controlled by the principal of Emanate, Barry Taylor.

The subsidiary was sold on 29 April 2022 with effect from 1 July 2021 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

#### b. Financial performance and cash flow information

The financial performance and cash flow information presented are for the ten months ended 29 April 2022 (2022 column).

|                                                                    | 2022<br>\$'000 |
|--------------------------------------------------------------------|----------------|
| Revenue (note 3)                                                   | 4,880          |
| Fair value adjustment of deferred consideration receivable         | (9)            |
| Expenses                                                           | (4,494)        |
| <b>Profit before income tax</b>                                    | <b>377</b>     |
| Income tax expense                                                 | (151)          |
| <b>Profit after income tax of discontinued operation</b>           | <b>226</b>     |
| Loss on sale of the subsidiary after income tax (see (c) below)    | (496)          |
| <b>(Loss)/profit from discontinued operations</b>                  | <b>(270)</b>   |
| Net cash inflow/(outflow) from operating activities                | 406            |
| Net cash inflow from investing activities                          | 3,538          |
| Net cash (outflow)/inflow from financing activities                | (87)           |
| <b>Net increase/(decrease) in cash generated by the subsidiary</b> | <b>3,857</b>   |

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## 13. Discontinued operations (continued)

### c. Details of the sale of the subsidiary

|                                       | 2022<br>\$'000 |
|---------------------------------------|----------------|
| Consideration received or receivable  |                |
| Cash                                  | 156            |
| Fair value of deferred consideration  | 12,315         |
| <b>Total disposal consideration</b>   | <b>12,471</b>  |
| Carrying amounts of net assets sold   | (13,179)       |
| <b>Loss on sale before income tax</b> | <b>(708)</b>   |
| Income tax benefit on loss            | 212            |
| <b>Loss on sale after income tax</b>  | <b>(496)</b>   |

Under the Share Sale Agreement, the gross deferred sales proceeds due from the purchaser are \$19,346,000. However, accounting standards require that adjustments are made for timing of payments, recovery rates and risk-adjusted discount rates, which resulted in a discounting of this number to a fair value of \$12,315,000 at 30 June 2022. At 30 June 2023, changes in estimates for recovery rates, risk-adjusted discount rates and timing of payments has resulted in a fair value of \$11,346,000. The deferred consideration has been recognised as a financial asset at fair value through profit or loss (see note 6(e)).

The carrying amounts of assets and liabilities as at the date of sale (29 April 2022) were:

|                          | 29 Apr 2022<br>\$'000 |
|--------------------------|-----------------------|
| Trade receivables        | 6,654                 |
| Work in progress         | 9,021                 |
| Unbilled disbursements   | 2,194                 |
| Property and equipment   | 162                   |
| Goodwill <sup>1</sup>    | 2,960                 |
| Prepayments              | 121                   |
| <b>Total assets</b>      | <b>21,112</b>         |
| Trade creditors          | (1,202)               |
| Other payables           | (3,233)               |
| Borrowings               | (22)                  |
| Provisions               | (426)                 |
| Deferred tax liabilities | (3,050)               |
| <b>Total liabilities</b> | <b>(7,933)</b>        |
| <b>Net assets</b>        | <b>13,179</b>         |

<sup>1</sup> The goodwill derecognised has been measured on the basis of the relative values of the Emanate business disposed of, and the portion of the NPA segment retained.

## 14. Interests in other entities

### a. Subsidiaries

The Group's subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| Name of entity                                             | Place of business/<br>country of incorporation | Ownership interest held by the Group |           | Ownership interest held by non-controlling interests |           | Principal activities |
|------------------------------------------------------------|------------------------------------------------|--------------------------------------|-----------|------------------------------------------------------|-----------|----------------------|
|                                                            |                                                | 2023<br>%                            | 2022<br>% | 2023<br>%                                            | 2022<br>% |                      |
| Shine Lawyers Pty Ltd                                      | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| My Insurance Claim Pty Ltd                                 | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Shine DIR Pty Ltd                                          | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Shine (U.S.) Pty Ltd                                       | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Shine Lawyers US, LLC <sup>1</sup>                         | United States                                  | 100                                  | -         | -                                                    | -         | Legal services       |
| SB Law Pty Ltd                                             | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Sciacca's Lawyers Pty Ltd                                  | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Sciacca's Family Lawyers Pty Ltd                           | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Shine NZ Services Pty Ltd                                  | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Bradley Bayly Holdings Pty Ltd                             | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Best Wilson Buckley Family Law Pty Ltd                     | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Claims Consolidated Pty Ltd                                | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Risk Worldwide New Zealand Limited                         | New Zealand                                    | 100                                  | 100       | -                                                    | -         | Loss adjusters       |
| Nerve Solutions Group Pty Ltd                              | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| My Insurance Claim Limited                                 | New Zealand                                    | 100                                  | 100       | -                                                    | -         | Loss adjusters       |
| ACA Lawyers Pty Ltd                                        | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Carr & Co Divorce & Family Lawyers Pty Ltd (see (c) below) | Australia                                      | 85                                   | 85        | 15                                                   | 15        | Legal services       |
| Claimify Legal Pty Ltd <sup>2</sup>                        | Australia                                      | 100                                  | 100       | -                                                    | -         | Legal services       |
| Shine Justice Employee Share Trust                         | Australia                                      | 100                                  | 100       | -                                                    | -         | Share trust          |

<sup>1</sup> During the year, Shine Lawyers US, LLC was incorporated in the United States

<sup>2</sup> On 4 July 2022, Nerve Legal Pty Ltd was renamed Claimify Legal Pty Ltd



## 14. Interests in other entities (continued)

### Accounting policy

#### Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

#### Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Shine Justice Ltd.

### b. Non-controlling interests (NCI)

Set out below is summarised financial information of Carr & Co Divorce & Family Lawyers Pty Ltd, the only subsidiary that has non-controlling interests. The amounts disclosed are before inter-company eliminations.

| Summarised balance sheet      | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------|----------------|----------------|
| Current assets                | 1,290          | 996            |
| Current liabilities           | (608)          | (546)          |
| <b>Current net assets</b>     | <b>682</b>     | <b>450</b>     |
| Non-current assets            | 1,561          | 2,221          |
| Non-current liabilities       | (1,156)        | (1,562)        |
| <b>Non-current net assets</b> | <b>405</b>     | <b>659</b>     |
| <b>Net assets</b>             | <b>1,087</b>   | <b>1,109</b>   |
| <b>Accumulated NCI</b>        | <b>163</b>     | <b>166</b>     |

## 14. Interests in other entities (continued)

| Summarised statement of comprehensive income | 2023<br>\$'000 | 2022<br>\$'000 |
|----------------------------------------------|----------------|----------------|
| Revenue                                      | 4,344          | 4,529          |
| Profit for the period                        | (22)           | 404            |
| <b>Total comprehensive income</b>            | <b>(22)</b>    | <b>404</b>     |
| <b>Profit allocated to NCI</b>               | <b>(3)</b>     | <b>70</b>      |
| <b>Dividends paid to NCI</b>                 | <b>-</b>       | <b>-</b>       |

### c. Transactions with non-controlling interests

On 31 January 2022, the Group acquired an additional 5 percent interest in Carr & Co Divorce & Family Lawyers Pty Ltd for \$116,000. Immediately prior to the purchase, the carrying amount of the existing 20% non-controlling interest in Carr & Co Divorce & Family Lawyers Pty Ltd was \$182,000. The Group recognised a decrease in non-controlling interest of \$45,000 and a decrease in equity attributable to owners of the parent of \$71,000. The effect on the equity attributable to the owners of Shine Justice Ltd during the year is summarised as follows:

|                                                                                                                  | 2023<br>\$'000 | 2022<br>\$'000 |
|------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Carrying amount of non-controlling interests acquired                                                            | -              | 45             |
| Consideration paid to non-controlling interests                                                                  | -              | (116)          |
| Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity | -              | (71)           |

There were no transactions with non-controlling interests in 2023.



## Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

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### Unrecognised items

There is no requirement to highlight separately any unrecognised items. However, we believe that this information is useful for users in assessing the financial performance and position of the Group.

## 15. Contingent liabilities and contingent assets

### a. Bank guarantees

Bank guarantees are contracts that are measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The Group's bank guarantees are as follows:

|                                | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------|----------------|----------------|
| <b>Bank Guarantee Facility</b> |                |                |
| Limit                          | 5,000          | 4,500          |
| Unused                         | 587            | 804            |

### b. Contingent liabilities

The Group has received a small number of individual notifications submitted by former clients against the Group. When each notification is received, the Group assesses the likelihood that the potential notice will proceed to a legal claim. The Group's estimate of the notifications that may progress to a claim at 30 June 2023 is \$380,000 (2022: \$79,998).

### c. Contingent assets

The Group had no contingent assets at 30 June 2023.

## 16. Commitments

### a. Capital commitments

There was nil significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities (2022: \$nil).

### b. Commitments

The Group has payment commitments to suppliers under vendor financing arrangements as follows:

|                                 | 2023<br>\$'000 | 2022<br>\$'000 |
|---------------------------------|----------------|----------------|
| <b>Non-cancellable payments</b> |                |                |
| Not later than 12 months        | 2,186          | 2,899          |
| Between 12 months and 5 years   | 1,094          | 1,216          |
|                                 | <b>3,280</b>   | <b>4,115</b>   |



## 17. Events occurring after the reporting period

### a. Dividend recommendation

Refer to note 12(b) for the dividends paid during the period. No final dividend has been declared or proposed for the reporting period.

### b. Ethicon Interest judgment

On 9 September 2022, the Company announced the settlement of the class actions brought by Shine Lawyers (Shine Lawyers) against Johnson & Johnson Medical Pty Limited, Ethicon Sàrl and Ethicon, Inc. (Class Actions). The Class Actions were settled for AUD\$300 million (Settlement Fund), subject to approval of the Federal Court of Australia (Court), which was granted on 16 March 2023 subject to the separate and later determination of orders with respect to the distribution of the Settlement Fund

The Class Actions were conducted on a 'no win no fee' (conditional) basis on which Shine Lawyers would not recover its professional fees or its disbursements unless the Class Actions were successfully resolved. For several years, Shine Lawyers itself bore all of the costs of the Class Actions, including the disbursements payable to third parties. As the Class Actions proceeded through a long trial and subsequent appeals and the disbursements increased, it became necessary to obtain external disbursement funding.

On 3 August 2023, the Court dismissed Shine's application to recover the full amount of the Interest on the disbursement funding facility from the Settlement Fund, without dismissing the opportunity to make another application in relation to the same subject matter.

Given the unfavourable judgment, consideration has been given to the carrying value of the Unbilled Disbursement Asset at 30 June 2023 and as a consequence, the fair value of the asset has been reduced by the judgment amount (\$32.4 million). Shine will prepare further submissions over the course of FY24 in relation to the recovery of an alternate amount of interest.

As more information is prepared for this submission, the fair value of this asset will be reconsidered.

### c. Debt Covenant Waiver

On 25 August 2023, the Group's main financier confirmed it was their view that the impact of the fair value adjustment on the Ethicon disbursement funding facility interest should not be included in the calculation of the Group's covenants, specifically the "Debt to Group EBITDA" ratio, as at 30 June 2023. If this fair value adjustment is not included, the Group would have complied with all financial covenants. However, as there is a technical accounting requirement of the terms of the Group's financing agreements that would include the impact of the adjustment made in respect of the Ethicon disbursement funding facility in the relevant ratio as at 30 June 2023 and as the formal communication from Group's financier confirming they do not consider there to have been a continuing breach was only received after 30 June 2023, the portion of non-current borrowings (\$45.0 million) and non-current lease liabilities in relation to equipment and fit out financing (\$5.9 million) impacted have been reclassified to current in the financial statements. Although the balances have been reclassified to current, the Group does not consider that there is a liquidity impact from this reclassification due to the waiver received and, as at 30 June 2023, even with this reclassification, the Group still had over \$100 million in net current assets.



**Further details**

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

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## 18. Related party transactions

### a. Parent entities

The Group is controlled by the following entity:

| Name              | Type                                            | Place of incorporation | Ownership interest |      |
|-------------------|-------------------------------------------------|------------------------|--------------------|------|
|                   |                                                 |                        | 2023               | 2022 |
| Shine Justice Ltd | Immediate and ultimate Australian parent entity | Australia              | 100%               | 100% |

### b. Subsidiaries

Interests in subsidiaries are set out in note 14(a).

### c. Key management personnel compensation

|                               | 2023<br>\$       | 2022<br>\$       |
|-------------------------------|------------------|------------------|
| Short-term employee benefits  | 2,261,552        | 2,223,649        |
| Post-employment benefits      | 146,920          | 132,627          |
| Long-term employment benefits | 34,677           | 91,446           |
| Share-based payments          | 253,782          | 465,499          |
|                               | <b>2,696,931</b> | <b>2,913,221</b> |

Detailed remuneration disclosures are provided in the remuneration report on pages 18 to 35.

### d. Transactions with other related parties

The following transactions occurred with a related party, Shine Lawyers NZ Limited which is an affiliated company of which Simon Morrison and Stephen Roche are directors and controlling shareholders:

|                                                                                         | 2023<br>\$     | 2022<br>\$     |
|-----------------------------------------------------------------------------------------|----------------|----------------|
| <b>Sales and purchases of goods and services</b>                                        |                |                |
| Income from rent and services provided to entity controlled by key management personnel | 1,722,839      | 1,355,908      |
| Rental expenses incurred from entity controlled by key management personnel             | 1,083,372      | 1,142,594      |
| <b>Interest received from related parties</b>                                           | <b>260,358</b> | <b>218,340</b> |

## 18. Related party transactions (continued)

### i. Purchases from entities controlled by key management personnel

The Group acquired the following goods and services from entities that are controlled by a member of the Group's key management personnel:

- Leases over and fit outs of commercial properties occupied by entities in the Group.

### e. Loans to related parties

The following occurred with a related party, Shine Lawyers NZ Limited which is an affiliated company of which Simon Morrison and Stephen Roche are directors and controlling shareholders:

|                                 | 2023<br>\$         | 2022<br>\$ |
|---------------------------------|--------------------|------------|
| <b>Balance at start of year</b> | <b>5,041,557</b>   | 4,391,515  |
| Loans advanced                  | <b>2,290,207</b>   | 1,383,694  |
| Loan repayments                 | <b>(1,349,364)</b> | (951,992)  |
| Interest charged                | <b>260,358</b>     | 218,340    |
| <b>Balance at 30 June</b>       | <b>6,242,758</b>   | 5,041,557  |

No loss allowance was recognised in relation to loans to related parties during the year, see note 11(c) for further information.

### f. Liabilities associated with right to use assets provided by related parties

|                                 | 2023<br>\$       | 2022<br>\$ |
|---------------------------------|------------------|------------|
| <b>Balance at start of year</b> | <b>5,814,647</b> | 6,059,820  |
| Interest charged                | <b>306,268</b>   | 330,102    |
| Repayments made                 | <b>(921,248)</b> | (880,120)  |
| Additional commitments          | <b>118,346</b>   | 304,845    |
| <b>Balance at 30 June</b>       | <b>5,318,013</b> | 5,814,647  |

### g. Terms and conditions

Goods were sold to related parties during the year based on the price lists in force and terms that would be available to third parties.

All other transactions were made on normal commercial terms and conditions and at market rates.

The loans to other related parties are repayable two years from the reporting date. The loan attracts interest at the rate equivalent to Shine Justice's Australian working capital facility loan rate plus 2%. The interest rate on loans during the year was 4.9% (2022: 4.9%).

Outstanding balances are unsecured and are repayable in cash.

### h. Consultancy fees

During the year, consultancy fees were paid to Stephen Roche of \$264,000 (including GST) (2022: \$264,000).

During the year, consultancy fees were paid to a company owned by Rod Douglas of \$49,500 (including GST) (2022: \$41,778).



## 19. Share-based payments

### a. Employee Share long-term incentive scheme

The issue of securities under the Shine Justice Ltd Performance Rights (LTIP) Plan (the Plan) was approved by shareholders at the 2016, 2019 and 2022 annual general meetings. The Plan is designed to amalgamate retention strategies as well as providing long-term incentives for senior managers and create alignment with shareholders. Under the Plan, participants are granted Performance Rights which only vest if certain performance criteria are met. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the scheme or to receive any guaranteed benefits. The Plan is administered by the Board. This trust is consolidated in accordance with note 14(a)(i). The amount of the current FY23 Performance Rights that will vest depends on Shine Justice Ltd:

- **Earnings per share (EPS) growth – 50% weighting**, achieving EPS growth of an average of 10% per annum during the three year Performance Period from 1 July 2022, with partial vesting (straight line vesting between 50% and 100% if 7-10% return is achieved
- **Cumulative annual total shareholder return (TSR) – 25% weighting**, achieving cumulative annual TSR of an average of 10% during the Performance Period, with partial vesting (straight line vesting between 50% and 100%) if 7-10% return is achieved, and
- **Strategic Objectives - 25% weighting**, if identified strategic objectives are achieved (as to 5% in each of the 5 categories set out below), with straight line vesting in each category between 50% and 100% if the objectives are determined by the Board to be achieved as to 75% to 100%. The 5 categories being:
  1. clients
  2. team members
  3. growth
  4. financial strength, and
  5. innovation.

The Board retains a discretion to adjust the performance measures if warranted by relevant circumstances at the time of vesting.

Performance Rights are granted under the LTIP for no consideration and carry no dividend or voting rights. When vested, each right converts into one Share. The vesting price on which the number of rights granted is based is the weighted average price at which the Company's shares are traded on the ASX on 15 days before plus 15 days after the release of the Shine Justice Annual Report in the financial year to which they relate.

## 19. Share-based payments (continued)

Set out below are summaries of rights granted under the Plan:

|                           | 2023             |           |                      | 2022             |           |                      |
|---------------------------|------------------|-----------|----------------------|------------------|-----------|----------------------|
|                           | Number of rights |           |                      | Number of rights |           |                      |
|                           | EPS              | TSR       | Strategic Objectives | EPS              | TSR       | Strategic Objectives |
| <b>FY19 ISSUANCE</b>      |                  |           |                      |                  |           |                      |
| Balance at start of year  | -                | -         | -                    | 742,365          | 318,156   | -                    |
| Forfeited during the year | -                | -         | -                    | -                | (118,990) | -                    |
| Vested during the year    | -                | -         | -                    | (742,365)        | (199,166) | -                    |
| <b>Balance at 30 June</b> | -                | -         | -                    | -                | -         | -                    |
| <b>FY20 ISSUANCE</b>      |                  |           |                      |                  |           |                      |
| Balance at start of year  | 1,139,622        | 488,410   | -                    | 1,192,134        | 510,915   | -                    |
| Forfeited during the year | (41,797)         | (17,913)  | -                    | (52,512)         | (22,505)  | -                    |
| Vested during the year    | (1,097,825)      | (470,497) | -                    | -                | -         | -                    |
| <b>Balance at 30 June</b> | -                | -         | -                    | 1,139,622        | 488,410   | -                    |
| <b>FY21 ISSUANCE</b>      |                  |           |                      |                  |           |                      |
| Balance at start of year  | 1,150,769        | 575,385   | 575,385              | 1,198,659        | 600,329   | 600,329              |
| Forfeited during the year | (1,150,769)      | (100,206) | (527,867)            | (47,890)         | (24,944)  | (24,944)             |
| <b>Balance at 30 June</b> | -                | 475,179   | 47,518               | 1,150,769        | 575,385   | 575,385              |
| <b>FY22 ISSUANCE</b>      |                  |           |                      |                  |           |                      |
| Balance at start of year  | 1,169,358        | 584,680   | 584,680              | -                | -         | -                    |
| Granted during the year   | -                | -         | -                    | 1,173,307        | 586,654   | 586,654              |
| Forfeited during the year | (223,344)        | (111,673) | (111,673)            | (3,949)          | (1,974)   | (1,974)              |
| <b>Balance at 30 June</b> | 946,014          | 473,007   | 473,007              | 1,169,358        | 584,680   | 584,680              |
| <b>FY23 ISSUANCE</b>      |                  |           |                      |                  |           |                      |
| Balance at start of year  | -                | -         | -                    | -                | -         | -                    |
| Granted during the year   | 1,630,891        | 815,445   | 815,445              | -                | -         | -                    |
| Forfeited during the year | (133,294)        | (66,647)  | (66,647)             | -                | -         | -                    |
| <b>Balance at 30 June</b> | 1,497,597        | 748,798   | 748,798              | -                | -         | -                    |

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## 19. Share-based payments (continued)

Share rights outstanding at the end of the year have the following expiry of performance period:

| Grant date                   | Expiry date of performance period | Number of rights 2023 | Number of rights 2022 |
|------------------------------|-----------------------------------|-----------------------|-----------------------|
| 29 November 2019 (FY20 LTIP) | 30 June 2022                      | -                     | 1,628,032             |
| 18 December 2020 (FY21 LTIP) | 30 June 2023                      | 522,697               | 2,301,539             |
| 2 December 2021 (FY22 LTIP)  | 30 June 2024                      | 1,892,028             | 2,338,718             |
| 14 December 2022 (FY23 LTIP) | 30 June 2025                      | 2,995,193             | -                     |
| <b>Total</b>                 |                                   | <b>5,409,918</b>      | <b>6,268,289</b>      |

### i. Fair value of rights granted

The assessed fair value at grant date of Performance Rights granted during the year ended 30 June 2023 was:

- EPS: \$0.85 per right (2022: \$1.30)
- TSR: \$0.33 per right (2022: \$0.84)
- Strategic Objectives: \$0.85 per right (2022: \$1.30)

#### EPS

The fair value at grant date is independently determined using a Black-Scholes Model (BSM). Under this approach the value is based on the share price at the valuation date with an adjustment for the dividends foregone during the vesting period.

#### TSR

The fair value at grant date is independently determined using an adjusted form of the BSM which includes a Monte Carlo simulation model that considers the:

- term of the rights
- impact of dilution (where material)
- share price at grant date
- expected price volatility of the underlying share
- expected dividend yields
- risk-free interest rate for the term of the right, and
- correlations and volatilities of the peer group companies.

The model inputs for rights granted during the year ended 30 June 2023 included:

- rights are granted for no consideration and vest based on Shine Justice Ltd TSR over a three-year period.
- *grant date*: 7 December 2022 (2022: 2 December 2021)
- *expiry date of performance period*: 30 June 2025 (2022: 30 June 2024)
- *share price at grant date*: \$1.00 (2022: \$1.44)
- *expected price volatility of the company's shares*: 38.99% (2022: 40.37%)
- *expected dividend yield*: 6.0% (2022: 3.65%)
- *risk-free interest rate*: 3.11% (2022: 0.89%)

The expected price volatility is based on the historic volatility (based on the remaining life of the rights), adjusted for any expected changes to future volatility due to publicly available information.

The fair value of the EPS and TSR rights at grant date of \$0.85 (2022: \$1.30) and \$0.33 (2022: \$0.84) respectively was estimated by taking the market price of the Company's shares on that date less the present value of expected dividends that will not be received by the holders on their rights during the three-year vesting period.

## 19. Share-based payments (continued)

### b. Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

|                                                 | 2023<br>\$ | 2022<br>\$ |
|-------------------------------------------------|------------|------------|
| Rights issued under long-term incentive schemes | 43,000     | 2,547,000  |
|                                                 | 43,000     | 2,547,000  |

#### Accounting policy

Share-based compensation benefits are provided to employees via the Shine Justice Performance Rights Plan.

#### Employee Performance Rights

The fair value of rights granted under the Shine Justice Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be initially expensed is determined by reference to the fair value of the Rights granted:

- including any market performance conditions (e.g. Shine's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the Company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of Rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Employee Share Scheme performance rights are administered by the Shine Employee Share Trust, which is consolidated in accordance with the principles in Note 14(a). When the performance rights vest, the shares may be issued by the Company or transferred by the Trust. The Company can issue or fund the Trust to acquire shares. The Board also has the discretion to pay cash instead. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

## 19. Share-based payments (continued)

### Non-executive director (NED) Equity Plan

In November 2020, the Board adopted the NED Equity Plan, under which the Non-executive Directors may increase their holdings of Shares in order to share in the growth of the business and more closely align their interests with those of shareholders. The NED Equity Plan supports the Board's policy that Directors should be encouraged to accumulate a shareholding equivalent in value to their annual Directors' fees over a three-year period.

The NED Equity Plan provides for Non-executive Directors to sacrifice a percentage of their fees over an agreed period and to be granted rights to acquire a number of Shares reflecting the amount to be sacrificed over the period. The participating Directors fees are reduced in equal amounts each fortnight during the participation period. NED Rights are granted for no consideration at the beginning of the period during which salary sacrifices are made and vest into Shares at the end of that period.

The NED rights have been classified by the ASX as a separate class – Salary Sacrifice Rights. This class is separate from the class of Performance Rights issued under the Company's Performance Rights Plan (LTIP).

For the FY23 Rights granted on 1 July 2022, the price on which the number of granted NED Rights was calculated was the volume weighted average closing price of Shares on ASX on the 20 trading days before the date of the offer (1 July 2022) being \$0.96 (FY22 Rights: \$0.96).

On vesting of NED Rights, the participating Director will be allocated a number of Shares purchased on market, equivalent to the number of vested NED Rights held by the Director. Shares allocated or transferred to Non-executive Directors following vesting will be subject to a Disposal Restriction until the earlier of the date of the Non-executive Director's retirement from the Board or 15 years after allocation or transfer of the Shares. While the Disposal Restriction applies, the Non-executive Directors will not be permitted to dispose of their Shares.

Set out below are summaries of the Rights granted under the Plan:

|                           |  | Salary sacrifice rights  |                          |
|---------------------------|--|--------------------------|--------------------------|
|                           |  | Number of rights<br>2023 | Number of rights<br>2022 |
| Balance at start of year  |  | 272,198                  | 404,915                  |
| Granted during the year   |  |                          |                          |
| FY23 issuance             |  | 203,692                  | -                        |
| Vested during the year    |  |                          |                          |
| FY21 issuance             |  | -                        | (132,717)                |
| FY22 issuance             |  | (272,198)                | -                        |
| <b>Balance at 30 June</b> |  | <b>203,692</b>           | <b>272,198</b>           |

NED rights outstanding at the end of the year have the following expiry period:

| Grant date                     | Vesting date   | Number of rights<br>2023 | Number of rights<br>2022 |
|--------------------------------|----------------|--------------------------|--------------------------|
| 30 June 2021 (FY22 NED Rights) | 30 August 2022 | -                        | 272,198                  |
| 1 July 2022 (FY23 NED Rights)  | 30 August 2023 | 203,692                  | -                        |
| <b>Total</b>                   |                | <b>203,692</b>           | <b>272,198</b>           |

## 20. Remuneration of auditors

During the year, the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the auditor of the parent entity, Shine Justice Ltd, by PwC's related network firms and by non-related audit firms:

|                                                                 | 2023<br>\$     | 2022<br>\$     |
|-----------------------------------------------------------------|----------------|----------------|
| <b>a. Auditors of the Group – PwC and related network firms</b> |                |                |
| Audit and review of financial reports                           |                |                |
| Group                                                           | 490,620        | 501,866        |
| <b>Total audit and review of financial reports</b>              | <b>490,620</b> | <b>501,866</b> |
| Non-audit services                                              | 11,867         | 32,678         |
| <b>Total services provided by PwC</b>                           | <b>502,487</b> | <b>534,544</b> |
| <b>b. Other auditors and their related network firms</b>        |                |                |
| Audit of trust accounts and work in progress                    | 47,300         | 35,814         |
| <b>Total services provided by other auditors</b>                | <b>47,300</b>  | <b>35,814</b>  |



## 21. Earnings per share

|                                                                                                                  | 2023<br>Cents  | 2022<br>Cents  |
|------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>a. Basic earnings per share</b>                                                                               |                |                |
| Attributable to the ordinary equity holders of the Company                                                       |                |                |
| From continuing operations                                                                                       | 1.92           | 18.17          |
| From discontinued operations                                                                                     | -              | (0.15)         |
| <b>Total basic earnings per share attributable to the ordinary equity holders of the Company</b>                 | <b>1.92</b>    | <b>18.02</b>   |
| <b>b. Diluted earnings per share</b>                                                                             |                |                |
| Attributable to the ordinary equity holders of the Company                                                       |                |                |
| From continuing operations                                                                                       | 1.87           | 17.59          |
| From discontinued operations                                                                                     | -              | (0.15)         |
| <b>Total diluted earnings per share attributable to the ordinary equity holders of the Company</b>               | <b>1.87</b>    | <b>17.44</b>   |
| <b>c. Reconciliation of earnings used in calculated earnings per share</b>                                       |                |                |
|                                                                                                                  | 2023<br>\$'000 | 2022<br>\$'000 |
| <i>Basic earnings per share</i>                                                                                  |                |                |
| Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share   |                |                |
| From continuing operations                                                                                       | 3,315          | 31,413         |
| From discontinued operations                                                                                     | -              | (270)          |
|                                                                                                                  | <b>3,315</b>   | <b>31,143</b>  |
| <i>Diluted earnings per share</i>                                                                                |                |                |
| Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share |                |                |
| From continuing operations                                                                                       | 3,315          | 31,413         |
| From discontinued operations                                                                                     | -              | (270)          |
|                                                                                                                  | <b>3,315</b>   | <b>31,143</b>  |

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## 21. Earnings per share (continued)

### d. Weighted average number of shares used as the denominator

|                                                                                                                                            | 2023<br>Number | 2022<br>Number |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share                                 | 172,498,863    | 172,870,973    |
| Adjustments for calculation of diluted earnings per share:                                                                                 |                |                |
| Deferred shares                                                                                                                            | 4,656,330      | 5,686,457      |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | 177,155,193    | 178,557,430    |

### e. Information concerning the classification of securities

#### Deferred shares

Rights to deferred shares granted to executives and employees under the Group's long-term incentive scheme are included in the calculation of diluted earnings per share assuming all outstanding rights will vest. The rights are not included in the determination of basic earnings per share. Further information about the rights is provided in note 19.

#### Accounting policy

##### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

##### Diluted earnings per share

Adjusts the figures used in the determination of basic earnings per share to consider:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.



## 22. Deed of cross guarantee

Shine Justice Ltd and its subsidiaries listed below are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, 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.

The subsidiaries are listed below:

- Shine Lawyers Pty Ltd
- My Insurance Claim Pty Ltd
- Shine DIR Pty Ltd
- Shine (U.S.) Pty Ltd
- SB Law Pty Ltd
- Sciacca's Lawyers Pty Ltd
- Sciacca's Family Lawyers Pty Ltd
- Shine NZ Services Pty Ltd
- Bradley Bayly Holdings Pty Ltd
- Best Wilson Buckley Family Law Pty Ltd
- Claims Consolidated Pty Ltd
- Nerve Solutions Group Pty Ltd
- ACA Lawyers Pty Ltd
- Claimify Legal Pty Ltd

### a. Consolidated statement of profit or loss, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Shine Justice Ltd, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2023 of the closed group consisting of Shine Justice Ltd and its subsidiaries.

|                                                                 | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------------------------------------|----------------|----------------|
| <i>Consolidated statement of comprehensive income</i>           |                |                |
| Profit before income tax                                        | 5,880          | 44,425         |
| Income tax expense                                              | (1,795)        | (13,919)       |
| <b>Profit for the period</b>                                    | <b>4,085</b>   | <b>30,506</b>  |
| <i>Summary of movements in consolidated retained earnings</i>   |                |                |
| <b>Retained earnings at the beginning of the financial year</b> | <b>225,940</b> | <b>205,397</b> |
| Profit for the period                                           | 4,085          | 30,506         |
| Dividends paid                                                  | (8,663)        | (9,963)        |
| <b>Retained earnings at the end of the financial year</b>       | <b>221,362</b> | <b>225,940</b> |



## 22. Deed of cross guarantee (continued)

### b. Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2023 of the closed group consisting of Shine Justice Ltd and its subsidiaries listed above.

|                                                       | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------------|----------------|----------------|
| <b>ASSETS</b>                                         |                |                |
| <b>Current assets</b>                                 |                |                |
| Cash and cash equivalents                             | 20,596         | 51,201         |
| Trade and receivables                                 | 13,892         | 13,883         |
| Contract assets – work in progress                    | 207,786        | 179,056        |
| Unbilled disbursements                                | 56,485         | 78,009         |
| Derivative financial instruments                      | 1,398          | 893            |
| Other financial assets at amortised cost              | 6,109          | 7,705          |
| Financial assets at fair value through profit or loss | 1,894          | 2,182          |
| Other current assets                                  | 4,443          | 4,600          |
| <b>Total current assets</b>                           | <b>312,603</b> | <b>337,529</b> |
| <b>Non-current assets</b>                             |                |                |
| Trade and other receivables                           | 560            | 647            |
| Contract assets – work in progress                    | 167,666        | 148,269        |
| Unbilled disbursements                                | 37,987         | 30,788         |
| Derivative financial instruments                      | -              | 1,126          |
| Other financial assets at amortised cost              | 6,243          | 5,041          |
| Financial assets at fair value through profit or loss | 9,452          | 9,974          |
| Plant and equipment                                   | 4,580          | 2,864          |
| Right-of-use-assets                                   | 38,006         | 32,636         |
| Intangible assets                                     | 43,332         | 43,266         |
| Investments                                           | 3,700          | 3,700          |
| <b>Total non-current assets</b>                       | <b>311,526</b> | <b>278,311</b> |
| <b>Total assets</b>                                   | <b>624,129</b> | <b>615,840</b> |

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## 22. Deed of cross guarantee (continued)

|                                      | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>LIABILITIES</b>                   |                |                |
| <b>Current liabilities</b>           |                |                |
| Trade and other payables             | 8,089          | 8,830          |
| Disbursement creditors               | 94,781         | 99,299         |
| Borrowings                           | 64,383         | 4,265          |
| Lease liabilities                    | 16,244         | 9,831          |
| Other current financial liabilities  | 5,247          | 5,875          |
| Provisions                           | 10,521         | 10,009         |
| <b>Total current liabilities</b>     | <b>199,265</b> | <b>138,109</b> |
| <b>Non-current liabilities</b>       |                |                |
| Trade and other payables             | -              | 1,697          |
| Borrowings                           | -              | 45,000         |
| Lease liabilities                    | 29,777         | 31,810         |
| Deferred tax liabilities             | 115,969        | 114,532        |
| Provisions                           | 3,307          | 2,722          |
| <b>Total non-current liabilities</b> | <b>149,053</b> | <b>195,761</b> |
| <b>Total liabilities</b>             | <b>348,318</b> | <b>333,870</b> |
| <b>Net assets</b>                    | <b>275,811</b> | <b>281,970</b> |
| <b>EQUITY</b>                        |                |                |
| Share capital                        | 53,223         | 53,223         |
| Reserves                             | 1,226          | 2,807          |
| Retained earnings                    | 221,362        | 225,940        |
| <b>Total equity</b>                  | <b>275,811</b> | <b>281,970</b> |

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## 23. Parent entity financial information

### a. Summary financial information

The individual financial statements for the parent entity, Shine Justice Ltd, show the following aggregate amounts:

|                                   | 2023<br>\$'000 | 2022<br>\$'000 |
|-----------------------------------|----------------|----------------|
| <b>Balance sheet</b>              |                |                |
| Current assets                    | 75,942         | 44,941         |
| <b>Total assets</b>               | <b>220,255</b> | <b>182,462</b> |
| Current liabilities               | 76,057         | 5,658          |
| <b>Total liabilities</b>          | <b>76,082</b>  | <b>39,914</b>  |
| <b>Shareholders' equity</b>       |                |                |
| Issued capital                    | 132,627        | 132,627        |
| Reserves                          | 1,334          | 2,963          |
| Retained earnings                 | 10,212         | 6,958          |
|                                   | <b>144,173</b> | <b>142,548</b> |
| <b>Profit for the period</b>      | <b>11,915</b>  | <b>866</b>     |
| <b>Total comprehensive income</b> | <b>11,480</b>  | <b>2,280</b>   |

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## 23. Parent entity financial information (continued)

### b. Guarantees entered into by the parent entity

The parent entity has provided financial guarantees in respect of bank guarantees amounting to \$4,413,000 (2022: \$3,696,000).

The parent entity has also given secured guarantees in respect of:

- Bank loans which are secured by a fixed and floating charge over the assets of the Group, and
- Lease and hire purchase liabilities secured by the underlying assets.

In addition, there are cross guarantees given by Shine Justice Ltd and its subsidiaries as described in note 22. No deficiencies of assets exist in any of these companies.

No liability was recognised by the parent entity or the Group in relation to these last two guarantees, as the fair value of the guarantees is immaterial.

### c. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022. For information about guarantees given by the parent entity, please see above.

### d. Contractual commitments for the acquisition of plant or equipment

The parent entity did not have any contractual commitments for the acquisition of plant or equipment as at 30 June 2023 or 30 June 2022.

### e. Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### i. Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Shine Justice Ltd.

#### ii. Tax consolidation

Shine Justice Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Shine Justice Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer.

In addition to its own current and deferred tax amounts, Shine Justice Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Shine Justice Ltd for any current tax payable assumed and are compensated by Shine Justice Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Shine Justice Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

#### iii. Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

## 24. Summary of other significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Shine Justice Ltd and its subsidiaries.

### a. Basis of preparation

These general-purpose financial statements have been prepared in accordance with:

- Australian Accounting Standards
- Interpretations issued by the Australian Accounting Standards Board, and
- the *Corporations Act 2001*.

Shine Justice Ltd is a for-profit entity for the purpose of preparing the financial statements.

### i. Compliance with IFRS

The consolidated financial statements of the Shine Justice Ltd Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### ii. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) – measured at fair value

### iii. New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2022:

- **AASB 2020-3 Amendments to Australian Accounting Standards** – Annual Improvements 2018–2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141]

### iv. New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group:

- **AASB 17 Insurance Contracts and amendments to AASB 17 Insurance Contracts**
- **AASB 2020-5 Amendments to Australian Accounting Standards** – Insurance Contracts [AASB 4 & AASB 17]
- **AASB 2022-1 Amendments to Australian Accounting Standards** – Initial Application of AASB 17 and AASB 9 – Comparative Information [AASB 17]
- **AASB 2022-8 Amendments to Australian Accounting Standards** – Insurance Contracts: Consequential Amendments
- **AASB 2021-5 Amendments to Australian Accounting Standards** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112]
- **AASB 2020-1 Amendments to Australian Accounting Standards** – Classification of Liabilities as Current or Non-current
- **AASB 2022-6 Amendments to Australian Accounting Standards** – Non-current Liabilities with Covenants
- **AASB 2021-2 Amendments to Australian Accounting Standards** – Disclosure of Accounting Policies and Definition of Accounting Estimates
- **AASB 2022-5: Amendments to Australian Accounting Standards** – Lease Liability in a Sale and Leaseback.

The Group has assessed the above standards, and in particular **AASB 17 Insurance Contracts**, in the context of the no-win-no-fee model operated by the Shine Justice Group. The preliminary assessment of the Group is that there is no insured risk as defined by the standard under the Group's client contracts, as the risk of not winning the case did not exist prior to entering into the contract with the customer.

As a result, **AASB 17 Insurance Contracts** and the other new standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



## 24. Summary of other significant accounting policies (continued)

### b. Foreign currency translation

#### i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Australian dollar (\$), which is Shine Justice Ltd's functional and presentation currency.

#### ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

#### iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### c. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at 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 (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



## 24. Summary of other significant accounting policies (continued)

### d. Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### f. Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as:

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 7(h). Movements in the hedging reserve in shareholders' equity are shown in note 8(c). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.



## Signed reports

## Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 60 to 161 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair 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
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 22 will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 22.

Note 24(a) 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 chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

**Simon Morrison**

Managing Director & CEO

Brisbane

29 August 2023

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# Independent Auditor's Report



## Independent auditor's report

To the members of Shine Justice Ltd

Report on the audit of the financial report

### Our opinion

In our opinion:

The accompanying financial report of Shine Justice Ltd (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) 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
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

### Independence

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.

### Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in

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aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group operates a variety of businesses in the legal industry across a number of regions throughout Australia and New Zealand.



| Materiality                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Audit scope                                                                                                                                                                                                                                                                                                                                                                                            | Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>For the purpose of our audit we used overall Group materiality of \$1.9 million, which represents approximately 5% of the Group's profit before tax, adjusted for the \$32.4 million fair value movement of Unbilled Disbursements relating to the Ethicon Mesh court matter as this is an infrequently occurring item.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> <li>We chose adjusted Group profit before tax because in our view it is the benchmark against which the performance of the Group is most commonly measured.</li> </ul> | <ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>The accounting processes are structured around a Group finance function at its head office in Brisbane, where we predominantly performed our audit procedures.</li> </ul> | <ul style="list-style-type: none"> <li>Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Management Committee: <ul style="list-style-type: none"> <li>Revenue Recognition and Recoverability of Work In Progress (WIP) and Unbilled Disbursements</li> <li>Carrying Value of Goodwill</li> </ul> </li> <li>These are further described in the <i>Key audit matters</i> section of our report.</li> </ul> |



- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

### 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. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Revenue Recognition and Recoverability of Work In Progress (WIP) and Unbilled Disbursements</b><br/>(Refer to note 3(c) and 6(d)).</p> <p><i>At 30 June 2023, the carrying value of WIP was \$380.9m and unbilled disbursements was \$89.1m.</i></p> <p>The Group recognises WIP where it is highly probable that the cumulative value of revenue and hence WIP recognised in relation to legal matters will not be subject to significant reversal when the contract outcome is finalised.</p> <p>Unbilled disbursements represent the contractual right to receive cash on settlement of a case and are measured at fair value through profit and loss.</p> <p>The Group applied judgement based on past experience and historical performance of similar contracts to assess the probability of success. Where historical averages are not predictive of the probability of outcomes or there are limited historical experiences with similar contracts, the Group assessed probability on a contract-by-contract basis.</p> <p>Any revisions to estimated outcomes are recognised in the consolidated statement of profit or loss in the period which give rise to the revision.</p> <p>This was a key audit matter due to the judgement involved in determining the probability of contract outcomes.</p> | <p>To evaluate revenue recognition and the recoverability of WIP and Unbilled Disbursements, we performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Developed an understanding of the accounting policy, relevant processes and controls in place over revenue recognition, WIP and disbursement cycles.</li> <li>• For a selection of time entries driving revenue recognition, we have agreed hours recorded back to timesheet records and agreed rates applied to approved scale rates.</li> <li>• For a sample of settlements in the period, we have agreed relevant attributes to customer agreements, settlement deeds and cash received.</li> <li>• Assessed the Group's probability of success with reference to both historical case outcomes in the current and prior years.</li> <li>• Performed lookback procedures through undertaking the trend analysis on the probability of success over time, as well as assessing the Group's historical ability to forecast their probability of success compared to the actual outcome.</li> </ul> |



#### Key audit matter

#### How our audit addressed the key audit matter

- For a selection of matters where historical performance was not considered predictive of probable outcomes, we enquired of the Group's legal practitioners, considered the status of cases, together with the relevant underlying data, assumptions and external evidence to assess the Group's position regarding likely case outcomes.
- For a selection of Unbilled Disbursements, we inspected supporting documents and respective case records.
- Assessed the fair value of Unbilled Disbursements with reference to specific cases, the existence of disbursements funding arrangements and the extent of Unbilled Disbursements written off during the current and prior year.
- Evaluated whether the disclosures made in notes to the financial statements including those regarding the significant assumptions were consistent with our understanding based on our audit procedures and the requirements of Australian Accounting Standards.

#### Carrying Value of Goodwill

(Refer to note 7(c)) \$33.2m

As at 30 June 2023, Goodwill of \$33.2 million had been recognised, \$20.1 million attributable to the Personal Injury (PI) cash generating unit (CGU) and \$13.1m attributable to the New Practice Areas (NPA) CGU.

During the year, the Abuse Law Practice was moved from the NPA to the PI segment. Based on the relative value of the Abuse Law Practice to the NPA CGU, goodwill of \$5.9m was reallocated.

The Group has tested the recoverable amount of PI and NPA CGUs including Goodwill based on a value

To evaluate the Group's assessment of the carrying value of goodwill, we performed a number of procedures including the following:

- Assessed whether the determination of CGUs is consistent with our knowledge of the Group's operations and internal Group reporting through examination of system, processes, reporting lines and personnel responsibility splits.
- Considered the restructuring of the Abuse Law Practice during the year ended 30 June 2023 and evaluated the related reallocation of goodwill between the CGUs.



#### Key audit matter

in use (VIU) methodology, utilising a discounted cash flow model (the model) that includes the following significant assumptions:

- Annual revenue growth rate
- Annual operating costs growth rate
- Long-term growth rate
- Pre-tax discount rate

The Group concluded that the recoverable amount of PI and NPA CGUs supported the carrying amount at 30 June 2023.

Given the judgements incorporated by the Group in determining the recoverable amount of the PI and NPA CGUs this was included as a key audit matter.

#### How our audit addressed the key audit matter

- Considered whether the valuation approach and methodology used by the Group was consistent with the basis required by Australian Accounting Standards and our understanding of the nature of the business.
- Assessed the allocation of the Group's assets and liabilities into the PI and NPA CGUs.
- Considered the historical reliability of the Group's cash flow forecasting process by comparing prior year budgets with reported actual results for the respective years.
- Assessed the FY24 board approved budget with reference to FY23 actual performance and agreed the FY24 cash flows per the financial model to the budget.
- Assessed growth rate assumptions for the remainder of the discrete forecasting period (FY25-FY28) against external benchmarking data and historic trends.
- Together with PwC valuation experts, assessed the valuation methodology of the model and compared the discount rate and long term growth rate assumptions to market observable inputs.
- Evaluated whether the disclosures made in the notes to the financial statements, including those regarding the significant assumptions, were consistent with our understanding based on our audit procedures and the requirements of Australian Accounting Standards.



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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information 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.

---

### 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 have no realistic alternative but to do so.

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### 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.



#### Report on the remuneration report

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#### Our opinion on the remuneration report

We have audited the remuneration report included in pages 18 to 35 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Shine Justice Ltd 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.

PricewaterhouseCoopers

Kim Challenor  
Partner

Brisbane  
29 August 2023



## Shareholder Information

The following information is current as at 9 August 2023.

### Holding Distribution

| Category<br>(size of holding) | Shareholders | FY21<br>Performance<br>Rights | FY22<br>Performance<br>Rights | FY23<br>Performance<br>Rights | FY23<br>NED<br>Rights | FY24<br>NED<br>Rights |
|-------------------------------|--------------|-------------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| 1 – 1,000                     | 336          | 0                             | 0                             | 0                             | 0                     | 0                     |
| 1,001 – 5,000                 | 368          | 0                             | 0                             | 0                             | 0                     | 0                     |
| 5,001 – 10,000                | 173          | 0                             | 4                             | 23                            | 0                     | 0                     |
| 10,001 – 100,000              | 306          | 54                            | 76                            | 114                           | 4                     | 4                     |
| 100,001 and over              | 65           | 3                             | 1                             | 3                             | 0                     | 0                     |
| Total                         | 1,248        | 57                            | 81                            | 140                           | 4                     | 4                     |

### Unmarketable Parcels

The number of shareholders holding less than a marketable parcel of Shares is 241.

### Substantial Holders

| Substantial Holder            | Relevant Interests of Substantial Holder and Associates |
|-------------------------------|---------------------------------------------------------|
| Stephen Roche and associates  | 84,979,804                                              |
| Simon Morrison and associates | 84,979,804                                              |
| FIL Limited and associates    | 17,109,888                                              |

\*As disclosed in substantial shareholder notices received by the Company.

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## Voting Rights

Each Share entitles its holder to one vote on a poll. Each member present at a meeting in person or by proxy has one vote on a show of hands.

Performance Rights and NED Rights do not confer voting rights.

## Performance Rights and NED Rights

The following Performance Rights and NED Rights are held by the following numbers of holders:

|                          | <b>FY21<br/>Performance<br/>Rights</b> | <b>FY22<br/>Performance<br/>Rights</b> | <b>FY23<br/>Performance<br/>Rights</b> | <b>FY23<br/>NED<br/>Rights</b> | <b>FY24<br/>NED<br/>Rights</b> |
|--------------------------|----------------------------------------|----------------------------------------|----------------------------------------|--------------------------------|--------------------------------|
| <b>Number of Rights</b>  | 1,817,459                              | 1,808,327                              | 2,847,317                              | 203,692                        | 281,755                        |
| <b>Number of holders</b> | 57                                     | 81                                     | 140                                    | 4                              | 4                              |

## No Current On-Market Buy-Back

The Company is not currently conducting an on-market buy-back.

## No Restricted Securities or Voluntary Escrow

No securities in the Company are restricted securities or are subject to voluntary escrow.



## Top 20 holders of Shares

| Name                 |                                                               | Number of Shares held | % of issued capital |
|----------------------|---------------------------------------------------------------|-----------------------|---------------------|
| 1                    | Simon Morrison                                                | 42,339,902            | 24.44               |
| 1                    | Stephen Roche                                                 | 42,339,902            | 24.44               |
| 2                    | HSBC Custody Nominees (Australia) Limited                     | 20,419,888            | 11.79               |
| 3                    | JP Morgan Nominees Australia Pty Limited                      | 12,502,377            | 7.22                |
| 4                    | BNP Paribas Nominees Pty Ltd                                  | 10,216,084            | 5.90                |
| 5                    | Citicorp Nominees Pty Limited                                 | 6,814,635             | 3.93                |
| 6                    | NCH Pty Ltd                                                   | 2,923,354             | 1.69                |
| 7                    | Pacific Custodians Pty Limited (SHJ Employee Sub-Register)    | 1,835,965             | 1.06                |
| 8                    | Jodie Willey                                                  | 1,512,957             | 0.87                |
| 9                    | Lindsay Adams                                                 | 1,364,948             | 0.79                |
| 10                   | Stephen Roche and Wendy Roche                                 | 1,248,802             | 0.72                |
| 11                   | Binya Park Pty Ltd <sup>1</sup>                               | 948,802               | 0.55                |
| 12                   | Skylevi Pty Ltd                                               | 900,000               | 0.52                |
| 13                   | CHSL Thompson Pty Ltd                                         | 821,107               | 0.47                |
| 14                   | BNP Paribas Noms Pty Ltd                                      | 647,194               | 0.37                |
| 15                   | Pacific Custodians Pty Limited (SHJ Employee Incentive Trust) | 608,607               | 0.35                |
| 16                   | Irwin Biotech Nominees Pty Ltd                                | 601,612               | 0.35                |
| 17                   | First Samuel Ltd                                              | 563,850               | 0.33                |
| 18                   | Neweconomy Com Au Nominees Pty Limited                        | 560,989               | 0.32                |
| 19                   | Lara Schliebs                                                 | 526,479               | 0.30                |
| 20                   | Grant Zeller                                                  | 509,259               | 0.29                |
| TOTAL TOP 20 HOLDERS |                                                               | 150,206,713           | 86.69               |
| BALANCE OF REGISTER  |                                                               | 23,055,099            | 13.31               |
| TOTAL                |                                                               | 173,261,812           | 100.00              |

<sup>1</sup> Binya Park Pty Ltd is a company controlled by Simon Morrison.



## Glossary

|                                                      |                                                                                                                                                                                                                                        |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AGM</b>                                           | Annual general meeting                                                                                                                                                                                                                 |
| <b>ARMC or Audit &amp; Risk Management Committee</b> | The Audit & Risk Management Committee of the Board                                                                                                                                                                                     |
| <b>ASIC</b>                                          | Australian Securities & Investments Commission                                                                                                                                                                                         |
| <b>ASX</b>                                           | ASX Limited ACN 008 624 691 or the securities exchange operated by it                                                                                                                                                                  |
| <b>Best Wilson Buckley</b>                           | Best Wilson Buckley Family Law Pty Ltd ACN 139 493 039 or the business conducted by it                                                                                                                                                 |
| <b>Board</b>                                         | The board of Directors of the Company                                                                                                                                                                                                  |
| <b>Bradley Bayly</b>                                 | Bradley Bayly Holdings Pty Ltd ACN 123 603 805 or the business conducted by it                                                                                                                                                         |
| <b>Carr &amp; Co</b>                                 | Carr & Co Divorce & Family Lawyers Pty Ltd ACN 114 924 168 or the business conducted by it                                                                                                                                             |
| <b>CFO</b>                                           | Chief Financial Officer                                                                                                                                                                                                                |
| <b>Chairman</b>                                      | The chairman of Directors                                                                                                                                                                                                              |
| <b>CLO</b>                                           | Chief Legal Officer                                                                                                                                                                                                                    |
| <b>Company/Shine/Shine Justice</b>                   | Shine Justice Ltd ACN 162 817 905                                                                                                                                                                                                      |
| <b>Constitution</b>                                  | The constitution of the Company                                                                                                                                                                                                        |
| <b>COO</b>                                           | Chief Operating Officer                                                                                                                                                                                                                |
| <b>Corporations Act</b>                              | <i>Corporations Act 2001</i> (Cth)                                                                                                                                                                                                     |
| <b>Director</b>                                      | A director of the Company                                                                                                                                                                                                              |
| <b>EBITDA</b>                                        | Earnings before interest, tax, depreciation and amortisation                                                                                                                                                                           |
| <b>EPS</b>                                           | Earnings per Share                                                                                                                                                                                                                     |
| <b>Ethicon Mesh Class Action</b>                     | The class actions against Johnson & Johnson Medical Pty Limited, Ethicon Sàrl and Ethicon, Inc. relating to faulty prolapse mesh and tape implants described in the Letter from the Chairman and the Managing Director & CEO on page 9 |
| <b>FY20</b>                                          | The financial year ended 30 June 2020                                                                                                                                                                                                  |
| <b>FY21</b>                                          | The financial year ended 30 June 2021                                                                                                                                                                                                  |
| <b>FY22</b>                                          | The financial year ending 30 June 2022                                                                                                                                                                                                 |
| <b>FY23/Financial Year</b>                           | The financial year ending 30 June 2023                                                                                                                                                                                                 |
| <b>FY24</b>                                          | The financial year ending 30 June 2024                                                                                                                                                                                                 |
| <b>FY25</b>                                          | The financial year ending 30 June 2025                                                                                                                                                                                                 |
| <b>FY20 Performance Right</b>                        | A Performance Right granted in respect of FY20                                                                                                                                                                                         |
| <b>FY21 Performance Right</b>                        | A Performance Right granted in respect of FY21                                                                                                                                                                                         |

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|                                              |                                                                                                                                                                                                                                        |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>FY22 Performance Right</b>                | A Performance Right granted in respect of FY22                                                                                                                                                                                         |
| <b>FY23 Performance Right</b>                | A Performance Right granted in respect of FY23                                                                                                                                                                                         |
| <b>FY22 NED Right</b>                        | A NED Right granted in respect of FY22                                                                                                                                                                                                 |
| <b>FY23 NED Right</b>                        | A NED Right granted in respect of FY23                                                                                                                                                                                                 |
| <b>FY24 NED Right</b>                        | A NED Right granted in respect of FY24                                                                                                                                                                                                 |
| <b>Group/Shine Justice Group</b>             | The Company and its Subsidiaries                                                                                                                                                                                                       |
| <b>KMP</b>                                   | Key Management Personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) |
| <b>Leadership Team</b>                       | A management team, including and supporting the Managing Director & CEO, the CFO, the COO and the CLO                                                                                                                                  |
| <b>Listing Rules</b>                         | The listing rules of ASX                                                                                                                                                                                                               |
| <b>LTI</b>                                   | Long Term Incentive                                                                                                                                                                                                                    |
| <b>LTIP</b>                                  | Long Term Incentive Plan or Performance Rights Plan                                                                                                                                                                                    |
| <b>NED Equity Plan</b>                       | Non-executive Director Equity Plan, under which Non-executive Directors may elect to sacrifice a portion of their fees in return for NED Rights, each of which on vesting is replaced with one Share acquired on market                |
| <b>NED Right</b>                             | An unquoted right issued under the NED Equity Plan                                                                                                                                                                                     |
| <b>Nomination and Remuneration Committee</b> | The Nomination and Remuneration Committee of the Board                                                                                                                                                                                 |
| <b>Non-executive Director</b>                | A Director other than the Managing Director & CEO                                                                                                                                                                                      |
| <b>NPAT</b>                                  | Net profit after tax                                                                                                                                                                                                                   |
| <b>Performance Right/Right</b>               | An unquoted performance right issued under the LTIP                                                                                                                                                                                    |
| <b>PwC</b>                                   | PricewaterhouseCoopers                                                                                                                                                                                                                 |
| <b>RTSR</b>                                  | Relative Total Shareholder Return                                                                                                                                                                                                      |
| <b>Sciaccas</b>                              | Sciacca's Lawyers Pty Ltd ACN 126 179 084 or the business conducted by it                                                                                                                                                              |
| <b>Share</b>                                 | A fully paid ordinary share in the Company                                                                                                                                                                                             |
| <b>Shine Lawyers</b>                         | Shine Lawyers Pty Ltd ACN 134 702 757 or the business conducted by it                                                                                                                                                                  |
| <b>Stephen Browne Lawyers</b>                | SB Law Pty Ltd ACN 169 699 183 or the business conducted by it                                                                                                                                                                         |
| <b>STI</b>                                   | Short Term Incentive                                                                                                                                                                                                                   |
| <b>STIP</b>                                  | Short Term Incentive Plan                                                                                                                                                                                                              |
| <b>Subsidiaries</b>                          | The wholly owned subsidiaries of the Company as set out in note 13 to the Financial Statements                                                                                                                                         |
| <b>TSR</b>                                   | Total Shareholder Return                                                                                                                                                                                                               |
| <b>Website</b>                               | shinejustice.com.au                                                                                                                                                                                                                    |



## Corporate Directory

### Directors

Graham Bradley AM, Independent Non-executive Chairman  
Teresa Dyson, Independent Non-executive Director  
David Bayes, Independent Non-executive Director  
Rodney Douglas, Non-executive Director  
Simon Morrison, Managing Director & CEO

### Chief Financial Officer

Ravin Raj

### General Counsel | Company Secretary

Annette O'Hara

### Registered Office

### Principal Administrative Office

Level 13  
160 Ann Street  
Brisbane QLD 4000  
**Phone:** +61 7 3006 6000  
**Fax:** +61 7 3229 1999

### ASX Listing

ASX Code - SHJ

### Company Numbers

**ABN:** 93 162 817 905  
**ACN:** 162 817 905

### Website

shinejustice.com.au

### Auditors

PricewaterhouseCoopers  
480 Queen Street  
Brisbane QLD 4000  
**Phone:** +61 7 3257 5000  
**Fax:** +61 7 3257 5999

### Bankers

Commonwealth Bank of Australia  
Level 21  
180 Ann Street  
Brisbane QLD 4350

### Share Registry

Link Market Services Limited  
Level 21, 10 Eagle Street  
Brisbane QLD 4000  
registrars@linkmarketservices.com.au  
**Phone:** +61 1300 554 474 (toll free)

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