

29 August 2024

ASX Announcement

Shine Justice Ltd (SHJ) FY24 Financial Results

Measure	FY24	FY23 ¹	% change from PCP ²
Total revenue	\$198.59m	\$226.23m	↓ 12.2%
EBITDA ³	\$33.83m	\$28.99m	↑ 16.7%
Adjusted EBITDA ⁴	\$45.00m	\$61.39m	↓ 26.7%
Net Profit Before Tax (NPBT)	\$9.65m	\$6.06m	↑ 59.2%
Adjusted NPBT ⁵	\$20.82m	\$38.46m	↓ 45.8%
Net Profit After Tax (NPAT)	\$6.04m	\$3.31m	↑ 82.4%
Adjusted NPAT ⁶	\$14.45m	\$25.99m	↓ 44.4%
Gross Operating Cash Flow (GOCF) ⁷	\$51.80m	-\$3.91m	↑ 1424.8%
Final Dividend per share (cents)	4.00	0.00	↑ N/A
Total Dividend per share (cents)	5.50	1.50	↑ 266.7%
Earnings per share (EPS - cents)	3.51	1.92	↑ 82.8%
Adjusted EPS ⁸	8.34	15.00	↓ 44.4%

Financial performance

The Company today announces the financial results for the financial year ended 30 June 2024.

Revenue was \$198.6 million, a decrease of 12.2% on the prior corresponding period (PCP).

Earnings before interest, tax, depreciation and amortisation (EBITDA), adjusted to exclude non-recurring items (the reversal of revenue in the Ethicon and Boston Scientific mesh class actions as a result of the recovery of part only of our fees, fair value losses on deferred consideration and restructuring costs) of \$45 million

¹ Certain comparatives in the PCP have been restated to reflect the discontinued operation of Best Wilson Buckley Family Law Pty Ltd.

² PCP means prior corresponding period.

³ EBITDA means Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA is not an IFRS measure and has not been audited by the Company's auditors.

⁴ Adjusted EBITDA in FY24 excludes non-recurring items (the reversal of revenue in the Ethicon and Boston Scientific mesh class actions as a result of recovery of part only of our fees, fair value losses on deferred consideration and restructuring costs) totalling \$11.2 million. Adjusted EBITDA in FY23 excluded the impact of the \$32.4 million fair value adjustment for interest in the Ethicon mesh class action.

⁵ Adjusted NPBT excludes non-recurring items described in footnote 4.

⁶ Adjusted NPAT excludes non-recurring items described in footnote 4, tax effected at the corporate rate of 30% where applicable.

⁷ GOCF means Gross Operating Cash Flow. GOCF is not an IFRS measurement and has not been audited by the Company's auditors.

⁸ Adjusted EPS excludes non-recurring items described in footnote 4.



compared with \$61.4 million in the previous year (which was adjusted to exclude the impact of the fair value adjustment for interest in the Ethicon mesh class action), a decrease of 26.7 percent.

Net profit after tax of \$6 million compared with \$3.3 million previously. As a result of our focus on generating cash, our gross operating cash flow (GOCF) was \$51.8 million, our highest result since 2021. This is a significant turnaround compared with -\$3.9 million in the previous period and reflects strong case resolution outcomes for our clients during the year.

Managing Director & CEO Simon Morrison said 'After a disappointing financial result in FY23, we undertook a strategic reshape of our business in FY24. We made the decision to divest non-core work types in order to focus on our personal injuries and class actions practices. We went back to basics in re-evaluating our organisational structure, company overheads and cash flow, taking a number of difficult decisions to reset the business.

After conducting a review of our practice areas, we ceased our work in employment and travel law and estate and landholder litigation and sold our Queensland family law practice.

In our personal injury practice, we focused on case execution and file resolution and wrote off time which was determined to be unrecoverable, particularly in abuse and commercial dispute files. In the class actions space we received strong cash flow from the settlement of several class actions, but reversed revenue where we did not recover all of our fees. This has negatively impacted EBITDA in FY24 but will support growth in FY25 and beyond'.

Highlights

While we faced challenges, we achieved a number of significant positive outcomes in FY24. Resetting the business while not losing focus on achieving outcomes for our clients is a testament to our people and their resilience, commitment compassion.

During the year the Group resolved more than 5,000 cases, securing damages in excess of \$810 million.

We launched a new Shine Lawyers website and Shine Lawyers advertising campaign, with a strong increase in new enquiries.

Our Dust Diseases team continued 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. Following tireless lobbying and advocacy by many groups including our team, Australia has become the first country to announce a ban on engineered stone, the manufacture, supply and installation of which was banned from 1 July 2024.

Class action settlements totalling \$170.7 million were approved by the court during the financial year, including actions against the Commonwealth Department of Defence for contamination from the use of firefighting foam in a range of sites across Australia, including Wreck Bay and an action against Evans Dixon in relation to conflicted advice given to clients.



We also received fees from the settlement of the Ethicon and Boston Scientific Mesh class actions and reached agreement to settle a class action for up to \$180.4 million against the Western Australian Government for Stolen Wages on behalf of thousands of Aboriginal Australian workers, subject to court approval. In the Ethicon mesh class action, we are preparing an application to seek recovery of an amount of interest on the disbursement funding facilities used in that action.

Class actions were filed during the financial year against KFC for failure to provide paid breaks for employees, Rest Superannuation for wrongful deduction of insurance premiums and Aussie Home Loans for inappropriate advice and policy sales.

In addition, we assisted affiliate Shine Lawyers New Zealand to file group actions in New Zealand in relation to loss arising from the Edgecumbe floods and allegedly defective Toyota vehicles.

We are investigating a class action on behalf of First Nations families who have been subjected to discriminatory practices in several States and have filed complaints with the Australian Human Rights Commission against the Department of Communities & Justice (New South Wales Family & Community Services) and the Department of Communities (Western Australian Department of Communities).

In conjunction with US firm Milberg Coleman Bryson Phillips Grossman, we are investigating whether companies manufacturing and selling proton pump inhibitor (PPI) drugs failed to inform Australian consumers about the risks. We have developed relationships with a number of US law firms and funders and anticipate a future flow of class action cases being initiated in conjunction with them in FY25.

We are extremely proud that Shine Justice through its class actions work secured an historic apology on behalf of the State of Western Australia to Aboriginal and Torres Strait Islander people who worked for little or no wages over a long period last century.

Dividend

The Directors have declared a final dividend of 4 cents per Share (unfranked). When added to the 1.5 cents per Share unfranked interim dividend declared in February 2024, dividends for the year totalled 5.5 cents per Share. The decision to pay this amount has been taken in view of strong cash generation in FY24 and our confidence in expected earnings in FY25.

FY25 Outlook

FY24 saw the implementation of a company-wide cost reduction program which included reduction of overhead costs and rightsizing legal teams. The positive benefits of these changes will flow through to improvements in GOCF and EBITDA.

Our business as a leading personal injuries and class actions practice is strong, with a committed and talented team who share the strategic focus to deliver improved results and grow earnings in new and existing markets. We have budgeted for growth in both the personal injuries and class actions practices over the next 12 months.

With respect to FY25, Mr Morrison said 'Shine Justice's business remains strong, with a committed and talented team and the right strategy to deliver improving results and grow earnings in new and existing markets.



Our pipeline of cases is strong. We are targeting a further improvement in cash generation as major cases are concluded and as we implement improvements in our systems and processes for case execution and cash collection. In addition, a reduction in our cost base should assist EBITDA and GOCF in the future.'

Conclusion

Over the eleven years since the Company listed on the ASX, our team has grown from 615 to 995, our revenue increased from \$105 million to \$199 million and our branch network expanded from 35 to 51. We acknowledge the hard work behind these accomplishments.

Every decision we make is driven by achieving maximum compensation for our clients through the lens of three key values that have defined Shine for decades: Always stand up for the little guy, Dare to be different and Ahead of the pack. We are grateful to our talented team members for their dedication during the past year.

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

We farewell our Chief Financial Officer, Ravin Raj, who has decided to retire next month. We acknowledge and thank Ravin for his valuable contribution to the Group. We welcome our new CFO Marc Devine, who will commence in the role next month, bringing over two decades of experience in all aspects of financial and executive management and commercial finance, most recently as CFO of ASX listed Alliance Aviation Services Limited.

The FY25 accounts and investor presentation have been lodged with the ASX and can also be found on the Company's website – www.shinejustice.com.au. The Company will conduct an analyst and investor briefing at 10.30am AEST today. To register for the briefing, please click [here](#).

Approved for release by the Board

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

For more information

Simon Morrison, Managing Director - 07 3837 9435

Ravin Raj, Chief Financial Officer - 07 3837 8449