2022 ANNUAL REPORT

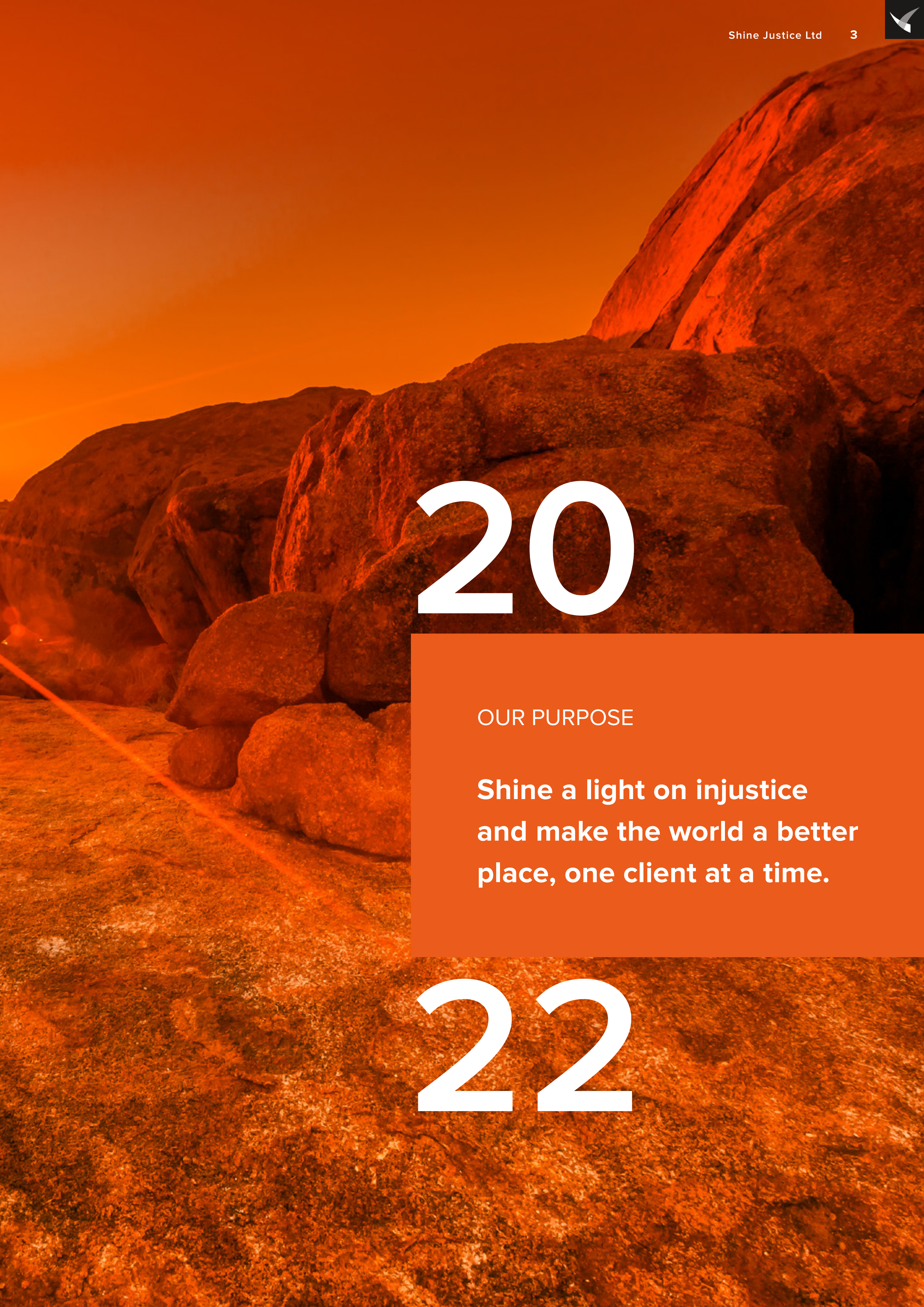
SHINE JUSTICE

Shine Justice Ltd | ABN 93 162 817 905

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.



2022

OUR PURPOSE

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


20
22

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

46
years of standing up for everyday peoples' rights

5,800+
client matters resolved in FY22

1,098
team members

$920m+
in damages for our clients in FY22

CONTENTS

FY22 in review

	FY22	FY21 [1]	Variance %
Total Revenue	$215.13m	$187.21m	↑ **14.91%**
Net Profit After Tax	$31.21m	$25.59m	↑ **21.96%**
Net Profit Before Tax	$45.04m	$35.99m	↑ **25.15%**
Earnings Before Interest and Tax (EBIT) [2]	$50.05m	$42.35m	↑ **18.18%**
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) [3]	$63.09m	$55.20m	↑ **14.29%**
Underlying EBITDA [4]	$54.00m	$46.48m	↑ **16.18%**
GOCF[5] excluding FY21 Mesh Class Action proceeds	$30.71m	$33.74m	↓ **8.98%**
Final Dividend (cents per Share)	3.50	3.25	↑ **7.69%**
Interim Dividend (cents per Share)	2.50	2.00	↑ **25.00%**
Total Dividend (cents per Share)	6.00	5.25	↑ **14.29%**
Earnings Per Share (EPS - cents)	18.02	14.75	↑ **22.17%**

1 Certain comparatives in FY21 have been restated to reflect the discontinued operation of Emanate.

2 EBIT is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.

3 EBITDA is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited.

4 Excluding impact of AASB 16 *Leases*.

5 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

Graham Bradley AM

Dear Shareholders,

I am pleased to present the Annual Report of Shine Justice Ltd for the financial year to 30 June 2022.

This was a year of continued growth for the Group in which we expanded our team and resolved more than 5,800 cases for our clients, securing damages in excess of $920 million.

Milestone achievements

The Group achieved a number of significant milestones in FY22.

We expanded with new offices in Darwin, Adelaide, Canberra and Wollongong, ensuring we are on track with our plans to pursue growth opportunities in new sites, and for the first time increased our team to more than 1,000 members.

We congratulated team members for many significant anniversaries, including 20, 25 and 35 years with the Group.

We celebrated the High Court decision to dismiss Johnson & Johnson's application for special leave to appeal the historic Mesh Class Action judgment handed down by the Federal Court in November 2019. The Class Actions team has advocated on behalf of our clients for almost a decade and we are delighted that this historic victory has been upheld. The court proceedings relate to faulty prolapse mesh and tape implants, one of Australia's largest product liability class actions. Now that all avenues of appeal are exhausted, the action is expected to deliver justice for up to 12,000 Australian women left with life altering complications from the defective implants.

Our Class Actions team also:

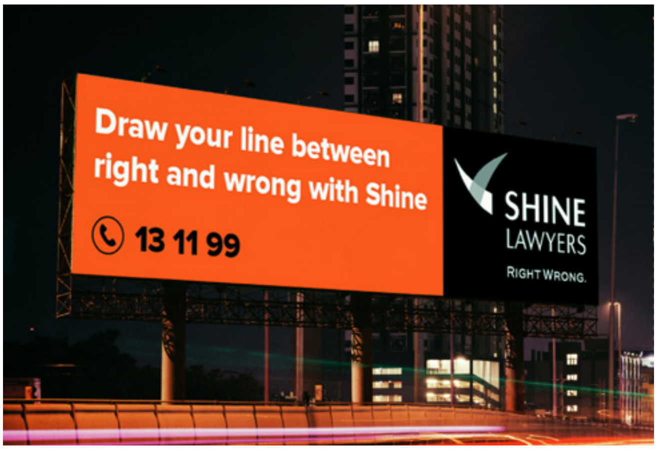
- settled a further class action for $105 million against pelvic mesh manufacturer Boston Scientific, subject to Court approval;
- succeeded on appeal in the class action against Worley Limited, the first shareholder class action appeal. While we await the High Court's decision as to whether it will allow a further appeal, the decision provides valuable guidance in relation to continuous disclosure obligations;

High Court of Australia refuses special leave to appeal after Full Federal Court of Australia unanimously upheld successful outcome in Mesh Class Action. Class Actions Practice Leader, Rebecca Jancauskas.

- achieved judgment for ratepayers in Redlands who were charged incorrect levies, the first class action decision in the Queensland Supreme Court;
- settled a class action against BSA Limited in relation to its contracting arrangements for $20 million, subject to Court approval;
- received Court approval to settle a class action against Westpac Life in relation to allegedly overpriced insurance products, for an amount capped at $30 million; and
- filed class actions on behalf of employees of a fast food operator, superannuation fund members who were overcharged for life insurance products, clients of a financial adviser which provided unsuitable advice and shareholders who were misled by listed companies in the resources, consumer products, payment solutions and data analytics industries.

Our Personal Injuries, Abuse, Medical, Head Trauma, Dust Diseases and Employment Law teams also achieved outstanding outcomes for our clients during the year.

> **“We expanded our team and resolved more than 5,800 cases for our clients, securing damages in excess of $920 million.”**



Roger Singh receives the prestigious 2021 National Civil Justice Award from The Australian Lawyers Alliance.

Financial performance

The Group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of $63.1 million, compared with $55.2 million in the previous year, an increase of 14.3 percent.

Net profit after tax (NPAT) of $31.2 million compared with $25.6 million previously, up 22 percent. Gross operating cash flow (GOCF) of $30.7 million represents a solid outcome for the Group, taking into account significant investments made during the year. GOCF in FY21 included an amount of $20.9 million received in respect of work in progress in the Mesh Class Action.

The Directors are pleased to declare a final dividend of 3.5 cents per Share (unfranked). When added to the 2.5 cents per Share unfranked interim dividend declared in February 2022, dividends for the year totalled 6.0 cents per Share. Dividend distribution was 33.4 percent of NPAT, in line with our stated distribution policy.

Other significant matters

We launched a new Shine Lawyers brand advertising campaign, ‘Draw your line between right and wrong with Shine’, which aired nationally in May. Our new campaign builds on our brand promise to ‘Right Wrong’ and champions the bravery and power we recognise in our clients.

We focused on achieving an exceptional, consistent client service culture and invested in significant improvements in our clients’ experience.

We articulated our employer brand with the launch of our Employee Value Proposition, reflecting our unique culture and values. We launched a new training program for our leaders and a mentoring program and look forward to further planned opportunities to train, incentivise and reward our team members on their path to legal excellence.

The Marketing and Media teams launched the Restitution podcast, inspired by Stephen Roche’s second book *The Right Side of Wrong*, which chronicles the 46 year history of Shine and its important clients and stories.

We are preparing to launch our second Reconciliation Action Plan, setting out actions we will take to build respectful and mutually beneficial relationships that create opportunities for Aboriginal and Torres Strait Islander peoples.

LifeFlight
FOUNDING PARTNER
SHINE LAWYERS
RIGHT WRONG.

Shine ambassador Erin Brockovich.

Launch of our Employee Value Proposition

The Group's philanthropic initiative, the Shine A Light Foundation, awarded a $15,000 grant to new charity partner, Eat Up, Australia's only organisation providing free lunches for school students on a national basis so they can grow, learn and succeed.

SHINE A LIGHT FOUNDATION | Eat Up.

FY23 Outlook

Despite economic uncertainty in FY22, Shine Justice is in a strong financial position, with a committed and talented team and the right strategy to deliver continually improving results, grow in new and existing markets and leverage opportunities with innovation and integration. We are expecting increasing EBITDA growth in FY23, in the order of a low double digit percentage

We look forward to continuing our reconciliation journey, including recruitment of Aboriginal and Torres Strait Islander team members and expanding our cultural awareness training.

We are working on further innovations to improve our clients' experience and allow them to track the progress of their claims more easily.

Conclusion

Over the past year, the Group's leadership team has continued to strengthen, supporting our capability at all levels of the organisation to deliver consistent, high-quality service across all work types and regions.

We are improving our systems and processes with the aim of improving efficiencies and consistency, as well as further integrating our brands under the Shine Justice banner.

Our leadership embeds a culture that respects our 46 year history, embraces our values and inspires high performance. We are grateful to our highly engaged and talented team members for their resilience and dedication.

I would like to take this opportunity to thank my 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, ably led by Managing Director & CEO Simon Morrison, and the dedication of our highly engaged people, I am confident that Shine is well placed for future success.

Thank you for your ongoing support.

Graham Bradley

Graham Bradley AM
Chairman
26 August 2022

Our lawyers admitted to practice.

SHINE JUSTICE

bestwilsonbuckley FAMILY LAW

BRADLEY BAYLY LEGAL

DIVORCE & FAMILY CARR & CO EXPERT LAWYERS

Claimify.

my insurance claim

RW RiskWorldwide

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 2022.

The Directors during the Financial Year were:

Director	Position	Appointment
Graham Bradley AM	Independent Chairman Non-executive Director	1 July 2020 to present 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 & Risk Management Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Graham Bradley AM	7	7	5	5	3	3
Teresa Dyson	7	7	5	5	3	3
David Bayes	7	7	5	5	3	3
Rod Douglas	7	7	5	5 (invitee)	3	3 (invitee)
Simon Morrison[1]	7	7	5	5 (invitee)	3	3 (invitee)

1 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 and was elected by shareholders at the 2020 AGM.

Graham is an experienced company director and chairman. He is currently Chairman of United Malt Group Limited, Virgin Australia International Holdings Pty Ltd and Volt Corporation Limited and its subsidiaries (including Volt Bank Limited), Chairman of Infrastructure NSW and a member of the Board 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, 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:

GrainCorp Limited (March 2017 – March 2020) and United Malt Group Limited (March 2020 – present).

Teresa Dyson

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

Teresa joined the Board as a Non-executive Director in February 2020 and was elected by shareholders at the 2020 AGM.

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 Brighter Super (formerly LGIAsuper), 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 Foreign Investment Review Board and the Takeovers Panel. Teresa is a former Director of UN Women National Committee Australia Ltd and Opera Queensland and a former Chair of each of the Board of Taxation and the Business Law Section of the Law Council of Australia.

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:

Consolidated Tin Mines Ltd (January 2019 – January 2020), Seven West Media Limited (November 2017 – present) and Genex Power Limited (May 2018 – present).

David Bayes

FAICD

David joined the Board as a Non-executive Director in February 2020 and was elected by shareholders at the 2020 AGM

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 and was elected by shareholders at the 2021 AGM

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.

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 27 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 22 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 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. Her commitment to legislative reform in this vital area is driven by her desire to better protect children, 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.


2022

Remuneration Report

The Directors present the Shine Justice Ltd 2022 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

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
Teresa Dyson	Independent Non-executive Director, Member of the Nomination and Remuneration Committee
David Bayes	Independent Non-executive Director, Member of the Nomination and Remuneration Committee
Rod Douglas	Non-executive Director
Simon Morrison	Managing Director & 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.

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 FY22 reflects the:

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

Figure 1
Remuneration framework FY22

Element	Purpose	Performance metrics	Potential value	Changes in FY22
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 and CLO: General company performance: 30% Operational performance: 50% People: 20%	$100,000	No changes
LTI	Alignment to long-term shareholder value	EPS growth: 50% Cumulative annual TSR: 25% 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.

Figure 2
Structure of the FY22 STI plan

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Maximum opportunity</td><td>Chief Financial Officer: $100,000</td></tr>
<tr><td>Performance metrics</td><td>The STI metrics align with the Company’s strategic priorities of market competitiveness, operational excellence, shareholder value and fostering talented and engaged people</td></tr>
<tr><td>Chief Financial Officer</td><td>
<table>
<tr><th>Metric</th><th>Weighting</th><th>Reason for selection</th></tr>
<tr><td>General company performance</td><td>30%</td><td rowspan="4">Reflects improvements in both revenue cost control and cash management</td></tr>
<tr><td>1. Performance against budget</td><td>10%</td></tr>
<tr><td>2. Rate of cash conversion</td><td>10%</td></tr>
<tr><td>3. Exceed banking covenants</td><td>10%</td></tr>
<tr><td>Operational performance</td><td>50%</td><td rowspan="6">Reflects improvement in processes which will support Shine’s growth strategy</td></tr>
<tr><td>1. Disbursement funding processes</td><td>15%</td></tr>
<tr><td>2. File acquisition support</td><td>5%</td></tr>
<tr><td>3. Reduce write-offs</td><td>10%</td></tr>
<tr><td>4. Funding solution to Shine Funded Class Actions</td><td>10%</td></tr>
<tr><td>5. Financial improvements to Class Actions</td><td>10%</td></tr>
<tr><td>People</td><td>20%</td><td rowspan="3">Supports culture and values.
Reducing staff turnover will reduce costs and hence improve EBITDA</td></tr>
<tr><td>1. Department turnover</td><td>10%</td></tr>
<tr><td>2. Culture and values</td><td>10%</td></tr>
</table>
</td></tr>
<tr><td>Delivery of STI</td><td>If eligible, up to 100% of the STI could be payable as cash in September 2022.</td></tr>
<tr><td>Board discretion</td><td>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.</td></tr>
</table>

Figure 2
Structure of the FY22 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

Metric	Weighting	Reason for selection
General company performance	**30%**	Reflects improvements in both revenue cost control and cash management
1. Performance against budget	*20%*	
2. New file openings	*10%*	
Operational performance	**50%**	Reflects improvement in processes which will support Shine's growth strategy
1. Deliver Client Strategies	*7.5%*	
2. Deliver People Strategies	*7.5%*	
3. Deliver Growth Strategies	*7.5%*	
4. Deliver Other Strategies	*7.5%*	
5. Shared Service Operational Metrics	*20%*	
People	**20%**	Supports culture and values. Reducing staff turnover will reduce costs and hence improve EBITDA
Shared services turnover and engagement	*20%*	

Feature	Description
Delivery of STI	If eligible, up to 100% of the STI could be payable as cash in September 2022
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.

Figure 2
Structure of the FY22 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

Metric	Weighting	Reason for selection
General company performance	**50%**	Reflects improvements in both revenue cost control and cash management
1. Performance against budget	*30%*	
2. Rate of cash conversion	*10%*	
3. New file openings	*10%*	
Operational performance	**30%**	Reflects improvement in processes which will support Shine's growth strategy
1. Legal Operational Metrics	*10%*	
2. Reduce write-offs	*10%*	
3. Geographical presence	*10%*	
People	**20%**	Supports culture and values.
Legal teams turnover and engagement	*20%*	Reducing staff turnover will reduce costs and hence improve EBITDA

Feature	Description
Delivery of STI	If eligible, up to 100% of the STI could be payable as cash in September 2022
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.

(iii) Long-term incentives

Executive KMP participate in the LTIP 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.

Further detail is shown in Figure 3 below:

Figure 3
Structure of the FY22 LTIP

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Opportunity/ Allocation</td><td>Executive KMP (other than the Managing Director & CEO):
30% of fixed remuneration</td></tr>
<tr><td>Performance hurdle – Total Shareholder Return (TSR)
(25% weighting)</td><td>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.
<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% and 100% (on a straight line basis)</td></tr>
<tr><td>At or above 10%</td><td>100%</td></tr>
</table></td></tr>
<tr><td>Performance hurdle – Earnings per Share (EPS) Growth
(50% weighting)</td><td>EPS growth is assessed over 3 years to the end of FY24. 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% and 100% (on a straight line basis)</td></tr>
<tr><td>At or above 10% annual growth</td><td>100%</td></tr>
</table></td></tr>
<tr><td>Performance hurdle – Strategic Objectives
(25% weighting, 5% in each category)</td><td>Strategic objectives are achieved over 3 years to the end of FY24 relating to the following 5 categories:
1. Clients
2. Team members
3. Growth
4. Financial strength
5. Innovation
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.</td></tr>
<tr><td>Vesting</td><td>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.</td></tr>
<tr><td>Forfeiture and termination</td><td>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.</td></tr>
<tr><td>Board discretion</td><td>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.</td></tr>
</table>

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

d) Link between remuneration and performance

As shown in Figure 5 below, the Group's good financial performance continued in FY22 with EBITDA growth of 14.29% (16.18% growth in underlying EBITDA) and an increase in Net Profit attributable to the owners of Shine Justice of 21.86%.

Despite this good performance, several financial metrics included in the STI performance metrics for the KMP were not met while the majority of non-financial metrics were achieved in part or in full. Accordingly, the Board awarded each of the CFO, the COO and the CLO 40% of the $100,000 maximum short-term incentive on the basis that the KPIs were partly, but not fully, achieved and taking into account their collective contribution to the Group's results for FY22.

Executive KMP (other than Simon Morrison) also received benefits in the form of Shares resulting from the vesting of the FY19 Performance Rights after satisfaction of the performance conditions. These equity instruments had been granted under the LTIP in a prior year.

Figure 4
Performance against key measures and impact on variable remuneration

Metric	Impact on incentive award	
CFO STI	40% of maximum STI awarded to the CFO	
General company performance		
1. Performance against budget	Not achieved	● (red)
2. Rate of cash conversion	Not achieved	● (red)
3. Exceed banking covenants	Achieved in full	● (green)
Operational performance		
1. Disbursement funding processes	Achieved in full	● (green)
2. File acquisition support	Achieved in full	● (green)
3. Reduce write-offs	Achieved in part	● (yellow)
4. Funding solution to Shine Funded Class Actions	Achieved in full	● (green)
5. Financial improvements to Class Actions	Achieved in part	● (yellow)
People		
1. Department turnover and engagement	Achieved in full	● (green)
2. Culture and values	Achieved in full	● (green)
LTI	Vesting of FY19 LTIP in FY22	
3-year RTSR (30%)	62.6% vesting	
3-year EPS (70%)	100% vesting	

● Not achieved ● Achieved in part ● Achieved in full

Figure 4
Performance against key measures and impact on variable remuneration (continued)

Metric	Impact on incentive award	
COO STI	40% of maximum STI awarded to the COO	
General company performance		
1. Performance against budget	Not achieved	●
2. New file openings	Achieved in full	●
Operational performance		
1. Deliver Client Strategies	Achieved in part	●
2. Deliver People Strategies	Achieved in part	●
3. Deliver Growth Strategies	Achieved in part	●
4. Deliver Other Strategies	Achieved in part	●
5. Shared Service Operational Metrics	Achieved in part	●
People		
Shared services teams turnover and engagement	Achieved in full	●
LTI	Vesting of FY19 LTIP in FY22	
3-year RTSR (30%)	62.6% vesting	
3-year EPS (70%)	100% vesting	

● Not achieved ● Achieved in part ● Achieved in full

Figure 4
Performance against key measures and impact on variable remuneration (continued)

Metric	Impact on incentive award	
CLO STI	40% of maximum STI awarded to the CLO	
General company performance		
1. Performance against budget	Not achieved	● (red)
2. Rate of cash conversion	Not achieved	● (red)
3. New file openings	Achieved in full	● (green)
Operational performance		
1. Legal Operational Metrics	Achieved in part	● (yellow)
2. Reduce write-offs	Achieved in part	● (yellow)
3. Geographical presence	Achieved in full	● (green)
People		
Legal teams turnover and engagement	Achieved in part	● (yellow)
LTI	Vesting of FY19 LTIP in FY22	
3-year RTSR (30%)	62.6% vesting	
3-year EPS (70%)	100% vesting	

● Not achieved ● Achieved in part ● Achieved in full

Statutory performance indicators

Figure 5 below shows measures of the Group’s financial performance over the last five years as required by the Corporations Act.

Figure 5
Statutory key performance indicators of the Group over the last five years

	2022	2021	2020	2019	2018
Profit for the year attributable to owners of Shine Justice Ltd ($’000)	**31,143**	25,556	21,476	13,953	19,113
Basic earnings per share (cents)	**18.02**	14.8	12.4	8.1	11.0
EBITDA ($’000) [1]	**63,088**	55,199	51,150	47,436	37,722
GOCF ($’000) [2]	**30,713**	54,650	34,561	31,252	21,872
Dividend payments ($’000)	**9,963**	8,230	6,928	6,061	5,195
Dividend payout ratio (%) [3]	**32.0**	32.2	32.3	43.4	27.2
Increase/(decrease) in share price (%)	**-0.9**	+41.6	+15.8	-31.4	+76.4

1 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.

2 Gross Operating Cash Flow (GOCF) is not an IFRS calculation which appears in the Financial Report and accordingly, has not been audited. GOCF in FY21 includes an amount of $20.9 million received in respect of work in progress in the Mesh Class Action.

3 The dividend payout ratio is calculated based on dividends actually paid during the year and profit for the year.

e) 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 6
Executive remuneration

		Fixed remuneration				Variable remuneration				
Name	**Year**	**Salary [1]**	**Non-monetary benefits [1]**	**Annual & long service leave [2]**	**Post-employment benefits [3]**	**Cash Bonus**	**Rights granted [4]**	**Share based payments**	**Total**	**Performance related**
Executive Director										
Simon Morrison	**FY22**	**489,288**	**23,920**	**14,000**	**23,568**	-	-	-	**550,776**	-
	FY21	489,288	25,299	27,886	21,694	-	-	-	564,167	-
Other Executive KMP										
Ravin Raj	**FY22**	**430,300**	**9,478**	**27,523**	**23,568**	**40,000**	**116,930**	-	**647,799**	**24%**
	FY21	413,427	10,857	20,642	21,694	62,500	95,877	-	624,997	25%
Jodie Willey	**FY22**	**385,000**	**9,478**	**18,723**	**23,568**	**40,000**	**76,832**	-	**553,601**	**21%**
	FY21	258,923	9,532	19,053	15,876	60,000	37,351	-	400,735	24%
Lisa Flynn	**FY22**	**385,000**	-	**31,200**	**23,568**	**40,000**	**86,687**	-	**566,455**	**22%**
	FY21	258,923	-	26,371	15,876	60,000	50,813	-	411,983	27%
Total executive KMP	**FY22**	**1,689,588**	**42,876**	**91,446**	**94,272**	**120,000**	**280,449**	-	**2,318,631**	
	FY21	1,420,561	45,688	93,952	75,140	182,500	184,041	-	2,001,882	
Total NED remuneration (see Figure 7)	**FY22**	**371,185**	-	-	**38,355**	-	**185,050**	-	**594,590**	
	FY21	408,229	-	-	51,655	-	175,392	-	635,276	
Total KMP expense	**FY22**	**2,060,773**	**42,876**	**91,446**	**132,627**	**120,000**	**465,499**		**2,913,221**	
	FY21	1,828,790	45,688	93,952	126,795	182,500	359,433	-	2,637,158	

1 Short-term benefits as per Corporations Regulation 2M3.03 (1) Item 6.

2 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 provisions.

3 Post-employment benefits are provided through a defined contribution superannuation plan. The amounts disclosed as remuneration represent the superannuation guarantee contribution made by the Company.

4 Performance Rights granted under the current FY20-FY22 LTIP are expensed over the performance period, which includes the year to which the rights relate and NED Equity Plan rights for FY21 and FY22 granted in FY21. FY23 NED Rights were granted on 1 July 2022 and have therefore not been included in this table.

f) Contractual arrangements with executive KMP

Component	Managing Director & CEO	Other executive KMP
Fixed remuneration	$550,776	Range between $430,000 and $495,000
Contract duration	Ongoing contract	Ongoing contract
Notice of termination by the individual/ Company (without cause)	6 months	3 months
Termination of employment (with cause)	No notice	No notice
Termination except in limited circumstances (e.g. death or disability)	STI is not awarded and all unvested LTI will lapse	

g) 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 current base fees were reviewed with effect from 1 July 2020 and confirmed in August 2021.

The maximum annual aggregate Directors' fee pool limit is $700,000 (including superannuation) and was approved by shareholders at the annual general meeting on 24 October 2019. The amount paid (including superannuation) in FY22 was $409,540 with a further amount salary sacrificed for the grant of NED Rights of $261,460 (granted 30 June 2021), giving a total of $671,000 falling under the Directors' fee pool limit, which excludes any value attributed to the NED Rights.

Base fees per annum (excluding superannuation)	From 1 July 2020
Chairman	$250,000
Other Non-executive Directors	$120,000

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 7
Non-executive Director remuneration

Name	Year	Fees $	Rights granted $	Super-annuation $	Total $
Graham Bradley AM	**FY22**	**125,200**	**96,543**	**13,402**	**235,145**
	FY21	181,790	85,221	22,941	289,952
Teresa Dyson	**FY22**	**89,996**	**23,291**	**9,903**	**122,380**
	FY21	96,069	23,729	11,400	131,198
David Bayes	**FY22**	**95,997**	**18,633**	**9,674**	**124,304**
	FY21	98,625	18,983	11,351	128,959
Rod Douglas	**FY22**	**59,992**	**46,583**	**6,186**	**112,761**
	FY21	31,745	47,459	5,963	85,167
Total Non-executive Director remuneration	**FY22**	**371,185**	**185,050**	**38,355**	**594,590**
	FY21	408,229	175,392	51,655	635,276

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 FY21 NED Rights granted on 18 December 2020, 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 adoption of the NED Plan by the Board (9 November 2020), being $0.88. The fair value of $0.87 is lower due to no entitlement to dividends over the service period. The FY21 NED Rights vested in September 2021.

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 2021), being $0.96. The fair value of $0.91 is lower due to no entitlement to dividends over the service period.

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.

Figure 8
NED Salary Sacrifice rights

The table below shows a reconciliation of NED Rights that were granted, vested and forfeited to the end of FY22:

		Balance at start of year	Granted during year	Vested & exercised		Forfeited		Balance at end of year (unvested)	Maximum value yet to vest [1]
Name	**Grant Date**	**Number**	**Number**	**Number**	**%**	**Number**	**%**	**Number**	**$**
Graham Bradley	Jun 2021	142,009	-	-	-	-	-	**142,009**	-
	Dec 2020	62,018	-	62,018	100	Nil	0	-	-
Teresa Dyson	Jun 2021	34,260	-	-	-	-	-	**34,260**	-
	Dec 2020	18,605	-	18,605	100	Nil	0	-	-
David Bayes	Jun 2021	27,408	-	-	-	-	-	**27,408**	-
	Dec 2020	14,884	-	14,884	100	Nil	0	-	-
Rod Douglas	Jun 2021	68,521	-	-	-	-	-	**68,521**	-
	Dec 2020	37,210	-	37,210	100	Nil	0	-	-

No NED Rights were granted during FY22 with the expense relating to the FY22 NED Rights granted 1 June 2021

1 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 vesting date	Value per right at grant date	Service criteria
18 December 2020 (FY21 NED Rights)	10 September 2021	$0.88	Remains a Director during the participation period
1 June 2021 (FY22 NED Rights)	30 August 2022	$0.96	Remains a Director during the participation period

h) Additional statutory information

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

Figure 9 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 FY22. The number of rights and percentages vested/forfeited for each grant are disclosed in section (iii).

Figure 9
Performance based remuneration granted and forfeited during the year

Name	Total STI bonus (cash)			LTI Performance Rights	
	Total opportunity $	Awarded [1] $	Forfeited %	FY22 Granted $	FY19 Vested $
Ravin Raj	100,000	40,000	60	127,152	144,693
Jodie Willey	100,000	40,000	60	113,766	35,562
Lisa Flynn	100,000	40,000	60	113,766	42,226

1 STI awarded in respect of FY22 and to be paid in FY23.

(ii) Terms and conditions 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
29 November 2019 (FY20 LTIP)	31 August 2022	RTSR: $0.68 EPS: $0.84	>50th & <75th % percentile [1] >10% average annual growth	100% 100%
12 December 2020 (FY21 LTIP)	31 August 2023	TSR: $0.49 EPS: $0.77 Strategic objectives: $0.77	TSR [2] & EPS to be determined	n/a
2 December 2021 (FY22 LTIP)	31 August 2024	TSR: $0.84 EPS: $1.30 Strategic objectives: $1.30	TSR [3] & EPS to be determined	n/a

1 This will vest if the Company ranks in the 75th percentile or above of Total Shareholder Return achieved by companies in the S&P/ASX Small Ordinaries Index, excluding resource, mining and real estate companies in the three-year performance period, with partial vesting (straight line vesting between 50% and 100%) if the Company ranks in the 50th to 75th percentile.

2 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.

3 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.

The number of rights over ordinary shares in the Company provided as remuneration to KMP is shown in figure 10 below. See page 24 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.

(iii) 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 10
Performance Rights

Name	Year granted	Balance at start of year	Granted during year	Vested & exercised [1]		Forfeited		Balance at end of year (unvested)	Maximum value yet to vest [2]
		Number	Number	Number	%	Number	%	Number	$
Ravin Raj	FY22	-	**107,301**	-	-	-	-	**107,301**	**101,721**
	FY21	161,609	-	-	-	-	-	**161,609**	**45,251**
	FY20	149,362	-	-	-	-	-	**149,362**	-
	FY19	126,541	-	**(112,344)**	**89**	**(14,197)**	**11**	-	-
Jodie Willey	FY22	-	**96,005**	-	-	-	-	**96,005**	**91,013**
	FY21	140,614	-	-	-	-	-	**140,614**	**39,372**
	FY20	35,641	-	-	-	-	-	**35,641**	-
	FY19	31,101	-	**(27,612)**	**89**	**(3,489)**	**11**	-	-
Lisa Flynn	FY22	-	**96,005**	-	-	-	-	**96,005**	**91,013**
	FY21	140,614	-	-	-	-	-	**140,614**	**39,372**
	FY20	74,365	-	-	-	-	-	**74,365**	-
	FY19	36,929	-	**(32,786)**	**89**	**(4,143)**	**11**	-	-

1 The vesting date was 31 August 2021 with a vesting price of $1.29. No payment was required upon vesting.

2 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.

Figure 11
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	104,123	**62,018**	**52,000**	**218,141**
Teresa Dyson	19,000	**18,605**	-	**37,605**
David Bayes	31,104	**14,884**	-	**45,988**
Rod Douglas	103,768	**37,210**	**15,065**	**156,043**
Simon Morrison	43,313,704	-	**275,000**	**43,588,704**
Ravin Raj	396,050	**112,344**	-	**508,394**
Jodie Willey	1,724,446	**27,612**	**21,500**	**1,773,558**
Lisa Flynn	400,668	**32,786**	-	**433,454**

(iv) 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.

	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
Name	**$**	**$**	**$**	**$**
Simon Morrison	4,391,515	**218,340**	**5,041,557**	**5,041,557**

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 loss allowance was recognised in relation to loans to related parties during the year.

(v) 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:

	FY22 $	**FY21 $**
Sales and purchases of goods and services		
Sale of goods, rent and services to entity controlled by KMP	**1,355,908**	1,450,642
Purchases of premises rent from entity controlled by KMP	**1,142,594**	1,085,501
Interest received from related parties	**218,340**	212,001

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 $41,778 (including GST) (2021: $48,123).

(vi) External remuneration consultants

There were no remuneration consultants engaged during the year.

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

Shine Justice Ltd received a 99.85% "yes" vote on its remuneration report for the FY21 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

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. The total amount of directors' and officers' insurance contract premiums paid during the Financial Year was $897,815 (2021: $818,046).

Indemnifying auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, PwC, and its former auditors, EY, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify PwC or EY 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 2.5 cents per Share (unfranked) was declared on 25 February 2022 and paid on 25 March 2022. A final dividend of 3.5 cents per Share (unfranked) was declared on 26 August 2022 and is expected to be paid on 7 October 2022.

In respect of FY21, as detailed in the Directors' Report for that financial year, a final dividend of 3.25 cents per Share (unfranked) was declared on 27 August 2021 and paid on 8 October 2021.

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.

The COVID-19 pandemic resulted in many of the Group's services being provided remotely, with many team members working from home for parts of the Financial Year. Remote working occurred with little disruption to the provision of services.

Events since the end of the Financial Year

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.

The continuing COVID-19 pandemic may result in some continued remote working arrangements reflecting government and health authority recommendations.

Rights and options

There are currently 1,568,322 FY20 Performance Rights, 2,263,260 FY21 Performance Rights and 2,294,465 FY22 Performance Rights on issue.

There are 272,198 FY22 NED Rights and 203,692 FY23 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	FY22	FY21
Auditing or reviewing financial reports	$456,960	$473,409
Non-audit services	$32,678	$6,400
Total	$489,638	$479,809

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 in Australia and New Zealand and the conduct of an insurance recovery consulting business 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 Darwin, Adelaide, Canberra and Wollongong, ensuring it is on track with plans to pursue growth opportunities in new sites, and for the first time increased our team to more than 1,000 members.

The COVID-19 pandemic continued to impact the manner in which services were provided during the Financial Year, with many team members working from home and providing services remotely. Remote working resulted in minimal disruption to the delivery of services.

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 46 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 more than three quarters of its total revenue in FY22 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. Shine Lawyers launched a new brand advertising campaign, 'Draw your line between right and wrong with Shine', which aired nationally in May 2022, building on the promise to 'Right Wrong' and championing the bravery and power recognised in the Group's clients.

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.

Shine Lawyers continued to be a leading voice for the rights of Australians subjected to institutional abuse. Our abuse law practice grew significantly, representing more than 3,300 survivors in abuse compensation claims, compared with 2,000 in FY21.

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

Sciaccas Lawyers continued to perform consistently during the Financial Year.

New Practice Areas

Our class actions practice continued to grow in FY22.

We celebrated the High Court decision to dismiss Johnson & Johnson's application for special leave to appeal the historic Mesh Class Action judgment handed down by the Federal Court in November 2019. The Class Actions team has advocated on behalf of our clients for almost a decade and we are delighted that this historic victory has been upheld. The court proceedings relate to faulty prolapse mesh and tape implants, one of Australia's largest product liability class actions. Now that all avenues of appeal are exhausted, the action is expected to deliver justice for up to 12,000 Australian women left with life altering complications from the defective implants.

Our Class Actions team also:

- settled a further class action for $105 million against pelvic mesh manufacturer Boston Scientific, subject to Court approval;
- succeeded on appeal in the class action against Worley Limited, the first shareholder class action appeal. While we await the High Court's decision as to whether it will allow a further appeal, the decision provides valuable guidance in relation to continuous disclosure obligations;
- achieved judgment for ratepayers in Redlands who were charged incorrect levies, the first class action decision in the Queensland Supreme Court;
- settled a class action against BSA Limited in relation to its contracting arrangements for $20 million, subject to Court approval;
- received Court approval to settle a class action against Westpac Life in relation to allegedly overpriced insurance products, for an amount capped at $30 million; and
- filed class actions on behalf of employees of a fast food operator, superannuation fund members who were overcharged for life insurance products, clients of a financial adviser which provided unsuitable advice and shareholders who were misled by listed companies in the resources, consumer products, payment solutions and data analytics industries.

The Medical Law and Head Trauma businesses are expanding and continue to demonstrate good growth.

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 lupis. The team hosted an educational event with the Thoracic Society of Australia and New Zealand with Oxford Professor, Epidemiologist and Rheumatologist, Alan Silman, who has been instrumental in helping the team successfully prosecute autoimmune dust injury claims.

Our employment law practice has continued to grow.

Our Queensland family law practice, Best Wilson Buckley, and Carr & Co, our family law practice in Perth, performed consistently in FY22.

Risk Worldwide New Zealand Limited continued to operate in the loss adjusting and insurance policy recovery business in New Zealand, with a focus on residential claims under the brand 'My Insurance Claim'.

Consistently with our strategy to pursue organic and acquisition growth opportunities that meet our investment criteria, the land, energy and resources business conducted by Emanate was sold during the year to that practice's principal.

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, including in response to the business and community impacts of the COVID-19 pandemic.

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 maintain a 'watching brief' on the UK and US legal markets.

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 2022, the ratio was 15%. 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) were reviewed in May 2020 and continued substantially unchanged 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 gearing ratio (borrowings cannot exceed 30% of net WIP) and debt to EBITDA ratio (not to exceed 2.25:1). The Group was in compliance with these financial covenants as at 30 June 2022 and has headroom available to increase funding levels if required.

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.

COVID-19 Pandemic

The Group closely monitored and responded to the potential impacts on its business of the COVID-19 pandemic during the Financial Year. The Group has at all times acted, and continues to act, in accordance with applicable government and health authority directions and advice in each of the Australian States in which it operates and in New Zealand in relation to the pandemic. Many team members continued effective working from home arrangements and remote work practices (including virtual client meetings and court appearances), with consistent support and guidance from a dedicated response team, with team members returning to the office as and when appropriate.

The Group will continue to monitor the impact of the pandemic.

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 the pandemic on any particular work type.

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 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.

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.

Professional Services Sector Risk

The Group operates in a sector of the market place with few other listed peer entities. As such, its Share price can be impacted by events affecting other participants in this sector.

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 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 46.

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

Graham Bradley AM
Chairman
Brisbane, 26 August 2022

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Shine Justice Ltd for the year ended 30 June 2022, 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.

K Challenor

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
26 August 2022

Environmental, Social and Governance (ESG) Performance

Environmental

Shine Justice adopted an Environmental Sustainability Policy in 2020.

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

- use of carbon neutral copy paper
- recycling of paper waste and obsolete electrical or electronic devices and furniture
- reduced travel in favour of virtual communication
- technology-based solutions for reducing energy consumption (sensor lighting and automatic computer sleep modes)
- reduced paper use – double-sided printing and electronic files
- high Energy Star rating appliances
- high (65%) shareholder uptake of electronic communications

Social

Reconciliation Action Plan

We are preparing to launch our second ('Innovate') Reconciliation Action Plan (RAP), setting 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, whilst recognising the unique contribution they make to our shared culture and heritage. We have established a partnership with a university to support recruitment of Aboriginal and Torres Strait Islander team members and are expanding our cultural awareness training.

We have commenced class actions on behalf of Indigenous clients to recover stolen wages, redress injustice for Stolen Generations and recover compensation for the contamination of culturally significant land in Wreck Bay in the Jervis Bay Territory by PFAS chemicals.

LifeFlight

Shine Lawyers continued its partnership with LifeFlight Australia as the Founding Partner of the 'First Minutes Matter' trauma training program which equips people with practical skills for time-critical medical situations where professional help is still on the way.

Shine A Light Foundation

The Group's philanthropic initiative, the Shine A Light Foundation, awarded a $15,000 grant to new 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.

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 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. Our Dust Diseases team hosted an educational event with the Thoracic Society of Australia and New Zealand with Oxford Professor, Epidemiologist and Rheumatologist, Alan Silman, who has been instrumental in helping the team successfully prosecute autoimmune dust injury claims.

Modern Slavery

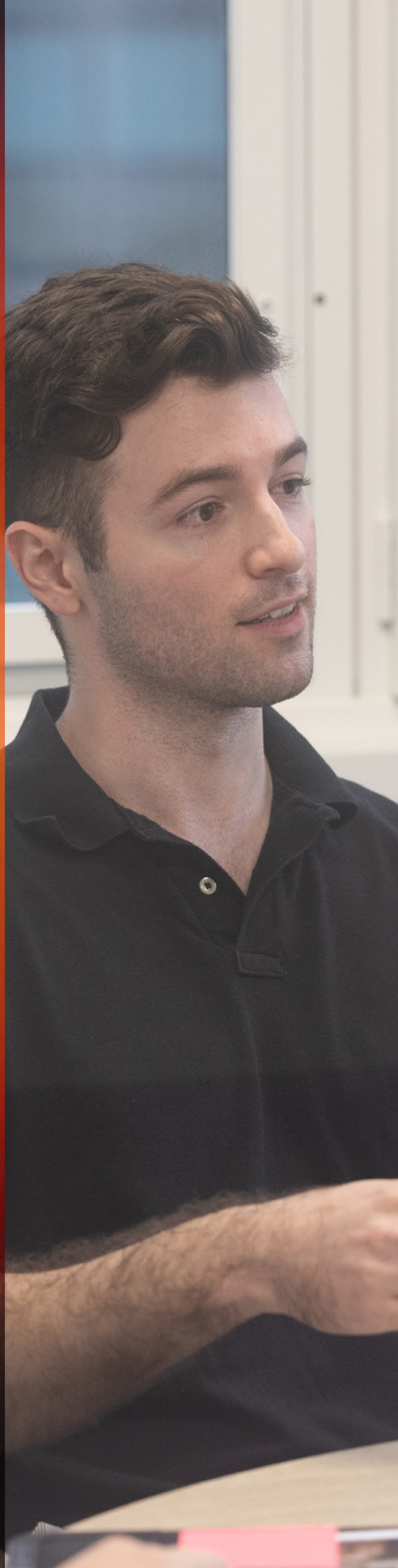
The Board has adopted a Modern Slavery Policy and Supplier Code of Conduct to reflect its commitment to protecting human rights. Shine Justice lodged its second Modern Slavery Statement under the *Modern Slavery Act 2018* with the Department of Home Affairs in December 2021.

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 Board members, management, employees, clients, suppliers and shareholders. Shine's Corporate Governance Statement is set out on the following pages.

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 2022 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	A listed entity should have and disclose a board charter setting out: **a.** the respective roles and responsibilities of its board and management; and **b.** those matters expressly reserved to the board and those delegated to management.	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).	✓
1.2	A listed entity should: **c.** undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and **d.** provide security holders with all material information in its possession relevant to a decision on whether or not to elect or reelect a director.	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. 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.	✓
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	All Directors and senior executives have a written agreement which formalises the terms of their appointment. 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. Each member of the Leadership Team enters into a contract which describes their role and duties, remuneration and termination rights and entitlements.	✓
1.4	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.	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. Details of the Company Secretary's qualifications and experience are available on the Company's website and are set out on page 16.	✓

<table>
<tr><th>Principles and Recommendations</th><th>Shine Justice Group’s Compliance</th><th></th></tr>
<tr><td>

1.5 A listed entity should:

a. have and disclose a diversity policy;

b. 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

c. disclose in relation to each reporting period:

1. the measurable objectives set for that period to achieve gender diversity;

2. the entity’s progress towards achieving those objectives; and

3. relevantly, the respective proportions of men and women on the board, in senior executive positions and across the whole workforce.

</td><td>

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.

Shine Justice’s Diversity Policy is disclosed on the Company’s website and sets out its objectives and reporting practices regarding diversity.

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:

<table>
<tr><th>Target</th><th>Progress</th></tr>
<tr><td>Maintain female representation on the Board of at least 25% of the Non-executive Directors, with a view to increasing that percentage over time</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>Analyse gender pay parity across the Group with a view to resolving any inconsistencies</td><td>Work is continuing in this regard, with good progress made in reducing any inconsistencies.</td></tr>
<tr><td>Implement the Group’s second (Innovate) Reconciliation Action Plan</td><td>The Group is in the process of adopting its second ('Innovate') Reconciliation Action Plan, with good progress made against the actions committed to in the 'Reflect' plan adopted in FY21 (refer page 47 for more detail).</td></tr>
<tr><td>Introduce a formal Inclusion and Diversity Program</td><td>This remains a target, with the implementation of the (Innovate) Reconciliation Action Plan considered a key step in the program.</td></tr>
</table>

As at 30 June 2022:

- 20% of the Board members were women (25% of the Non-executive Directors);
- 55% of the Leadership Team were women; and
- 79% of the Group’s team members were women.

</td><td></td></tr>
<tr><td>

1.6 A listed entity should

a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

b. disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

</td><td>

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.

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 2022 to ensure that this remains the case.

</td><td></td></tr>
</table>

Principles and Recommendations		Shine Justice Group's Compliance	
1.7	A listed entity should: **a.** have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and **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.	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 & CEO. A review of the performance of the Key Management Personnel in FY22 has been undertaken.	✓

Principle 2
Structure the Board to be effective and add value:

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.

2.1	The board of a listed entity should: **a.** 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 **b.** disclose the charter, members and meeting attendance of the committee.	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. Details of the number of meetings and attendance by the Directors at those meetings are disclosed on page 13.	✓

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	
2.3	A listed entity should disclose: **a.** the names of the directors that the board considers to be independent directors; and **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 **c.** the length of service of each director.	The Group currently has a five member Board, of whom three (Graham Bradley AM, Teresa Dyson and David Bayes) are considered to be independent. Non-executive Director Rod Douglas provides limited consultancy services to the Group, so is not currently classified by the Board as independent. 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. 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.	✓
2.4	A majority of the board of a listed company should be independent directors.	Three of the five Board members are considered to be independent – Graham Bradley AM, Teresa Dyson and David Bayes. 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. Non-executive Director Rod Douglas provides limited consultancy services to the Group, so is not currently classified by the Board as independent.	✓
2.5	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.	The Chairman, Graham Bradley AM, is an independent Non-executive Director. Simon Morrison is the Group's Managing Director & CEO.	✓
2.6	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.	The Nomination and Remuneration Committee is responsible for induction and continuous development programs for Directors. 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.	✓

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.

3.1	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.	✓

Principles and Recommendations	Shine Justice Group's Compliance	
3.2 A listed entity should: **a.** have and disclose a code of conduct for its directors, senior executives and employees; and **b.** ensure that the board or a committee of the board is informed of any material breaches of that code.	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. Any material breaches of the Code of Conduct are reported to the Audit & Risk Management Committee. No breaches were reported during FY22.	✓
3.3 A listed entity should: **a.** have and disclose a whistleblower policy; and **b.** ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	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. Any material incidents reported under the policy are reported to the Audit & Risk Management Committee. No incidents were reported during FY22.	✓
3.4 A listed entity should: **a.** have and disclose an anti-bribery and corruption policy; and **b.** ensure that the board or a committee of the board is informed of any material breaches of that policy.	The Shine Justice Group's anti-bribery and corruption policy is included in its Code of Conduct. Any material breaches of the policy are reported to the Audit & Risk Management Committee. No breaches were reported during FY22.	✓
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.		
4.1 The board of a listed entity should: **a.** 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 **b.** disclose the charter of the committee, the qualifications and experience of its members and their attendance at committee meetings.	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. The Charter of the Audit & 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 FY22.	✓

Principles and Recommendations		Shine Justice Group's Compliance	
4.2	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.	The Managing Director & CEO and the CFO each provide a statement to the Board and the Audit & 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. 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.	✓
4.3	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.	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. 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.	✓

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.

5.1	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. The Continuous Disclosure Policy is published on the Company's website.	✓
5.2	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.	✓
5.3	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.	✓

Principles and Recommendations		Shine Justice Group's Compliance	
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.			
6.1	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. Investors may access copies of ASX announcements, notices of meeting and annual reports, as well as general information about the Company, on the Website.	✓
6.2	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.	✓
6.3	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.	✓
6.4	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.	✓
6.5	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.	✓
Principle 7 **Recognise and manage risk:** A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.			
7.1	The board should **a.** 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 **b.** disclose the charter, members and meeting attendance of the committee.	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. 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 FY22.	✓

Principles and Recommendations		Shine Justice Group's Compliance	
7.2	The board or a committee of the board should: **a.** 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 **b.** disclose, in relation to each reporting period, whether such a review has taken place.	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. 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.	✓
7.3	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. 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.	✓
7.4	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 42 and 43. The Directors do not believe the Group has any material exposure to environmental or social risks. 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 *Modern Slavery Act 2018*. Further information about the Group's environmental, social and governance profile is set out on page 47.	✓

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.

8.1	The board should: **a.** 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 **b.** disclose the charter, members and meeting attendance of the committee.	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. 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 FY22. The Charter of the Committee is available on the Website.	✓

Principles and Recommendations		Shine Justice Group's Compliance	
8.2	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.	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. 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.	✓
8.3	A listed entity which has an equity-based remuneration scheme should: **a.** 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 **b.** disclose that policy or a summary of it.	Details of the Group's equity based remuneration scheme are set out in the Remuneration Report commencing on page 18. 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.	✓

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 St
Brisbane QLD 4000

The financial statements were authorised for issue by the Directors on 26 August 2022. 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: shinejustice.com.au

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Consolidated statement of profit or loss

	Notes	2022 $'000	2021 $'000
Continuing operations			
Revenue from contracts with customers	3(a)	**213,186**	185,436
Other income	3(b)&4(a)	**1,946**	1,774
Employee benefits expense		**(111,577)**	(97,139)
Depreciation and amortisation expense		**(13,039)**	(12,849)
Finance costs	4(d)	**(5,346)**	(6,619)
Other expenses	4(c)	**(40,127)**	(34,608)
Profit before income tax		**45,043**	35,995
Income tax expense	5	**(13,560)**	(10,975)
Profit from continuing operations		**31,483**	25,020
(Loss)/profit from discontinued operations (attributable to equity holders of the company)	13	**(270)**	574
Profit for the period		**31,213**	25,594
Profit is attributable to:			
Owners of Shine Justice Ltd	8(d)&21(c)	**31,143**	25,556
Non-controlling interest	14(b)	**70**	38
		31,213	25,594

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21(a)	**18.17**	14.42
Diluted earnings per share	21(b)	**17.59**	14.08
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21(a)	**18.02**	14.75
Diluted earnings per share	21(b)	**17.44**	14.40

Consolidated statement of comprehensive income

	Notes	2022 $'000	2021 $'000
Profit for the period		**31,213**	25,594
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	8(c)	**2,019**	-
Income tax relating to changes in fair value of cash flow hedges	8(c)	**(606)**	-
Exchange differences on translation of foreign operations	8(c)	**5**	(23)
Other comprehensive income for the period, net of tax		**1,418**	(23)
Total comprehensive income for the period		**32,631**	25,571
Total comprehensive income for the period is attributable to:			
Owners of Shine Justice Ltd		**32,561**	25,533
Non-controlling interest	14(b)	**70**	38
		32,631	25,571
Total comprehensive income for the period attributable to owners of Shine Justice Ltd arises from:			
Continuing operations		**32,831**	24,959
Discontinued operations		**(270)**	574
		32,561	25,533

Consolidated balance sheet

	Notes	2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6(c)	**51,864**	55,992
Trade and other receivables	6(a)	**15,131**	14,035
Contract assets – work in progress	3(c)	**181,598**	161,205
Income tax receivable	7(e)	**-**	5
Derivative financial instrument	6(e)	**893**	-
Unbilled disbursements	6(d)	**76,070**	81,832
Other financial assets at amortised cost	6(b)	**312**	313
Financial assets at fair value through profit or loss	6(e)	**2,182**	-
Other current assets	7(f)	**4,653**	4,087
Total current assets		**332,703**	317,469
Non-current assets			
Trade and other receivables	6(a)	**623**	1,237
Contract assets – work in progress	3(c)	**150,878**	138,107
Unbilled disbursements	6(d)	**28,179**	25,058
Investment in unlisted entity		**100**	100
Plant and equipment	7(a)	**3,614**	3,699
Derivative financial instrument	6(e)	**1,126**	-
Other financial assets at amortised cost	6(b)	**5,041**	4,392
Financial assets at fair value through profit or loss	6(e)	**9,974**	-
Right-of-use assets	7(b)	**34,108**	34,551
Intangible assets	7(c)	**46,998**	48,578
Total non-current assets		**280,641**	255,722
Total assets	2(d)	**613,344**	573,191

Consolidated balance sheet (continued)

	Notes	2022 $'000	2021 $'000
LIABILITIES			
Current liabilities			
Trade and other payables	6(f)	**14,507**	16,872
Disbursement creditors	6(f)	**99,357**	91,081
Borrowings	6(h)	**5,196**	4,504
Lease liabilities	7(b)	**9,102**	8,129
Other current financial liabilities	6(f)	**134**	158
Current tax liabilities	7(e)	**233**	254
Employee benefit obligations	7(g)	**9,989**	8,722
Provisions	7(h)	**215**	211
Total current liabilities		**138,733**	129,931
Non-current liabilities			
Trade and other payables	6(f)	**1,696**	1,696
Borrowings	6(h)	**45,000**	45,879
Lease liabilities	7(b)	**33,416**	34,814
Deferred tax liabilities	7(d)	**113,823**	102,785
Employee benefit obligations	7(g)	**1,357**	1,422
Provisions	7(h)	**1,515**	1,523
Total non-current liabilities		**196,807**	188,119
Total liabilities	2(e)	**335,540**	318,050
Net assets		**277,804**	255,141
EQUITY			
Share capital	8(a)	**53,223**	53,223
Other equity	8(b)	**(1,325)**	(62)
Reserves	8(c)	**3,720**	999
Retained earnings	8(d)	**222,020**	200,840
Capital and reserves attributable to the owners of Shine Justice Ltd		**277,638**	255,000
Non-controlling interest	14(b)	**166**	141
Total equity		**277,804**	255,141

Consolidated statement of changes in equity

	Notes	Share capital $'000	Other equity $'000	Retained earnings $'000	Foreign exchange reserves $'000	Hedging reserve $'000	Equity share reserves $'000	Non-controlling interest $'000	Non-controlling interest reserve $'000	Total equity $'000
		Attributable to owners of Shine Justice Ltd								
Balance at 1 July 2020		53,223	-	183,514	(516)	-	896	103	-	237,220
Profit for the period		-	-	25,556	-	-	-	38	-	25,594
Other comprehensive income	8(c)	-	-	-	(23)	-	-	-	-	(23)
Total comprehensive income for the period		-	-	25,556	(23)	-	-	38	-	25,571
Transactions with owners in their capacity as owners:										
Dividends paid	12(b)	-	-	(8,230)	-	-	-	-	-	(8,230)
Acquisition of treasury shares	8(b)	-	(369)	-	-	-	-	-	-	(369)
Issues of shares to employees	8(b)	-	307	-	-	-	(307)	-	-	-
Share schemes – value of services	19(b)	-	-	-	-	-	949	-	-	949
		-	(62)	(8,230)	-	-	642	-	-	(7,650)
Balance at 30 June 2021 and 1 July 2021		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
Total comprehensive income for the period		-	-	31,143	5	1,413	-	70	-	32,631
Transactions with owners in their capacity as owners:										
Dividends paid	12(b)	-	-	(9,963)	-	-	-	-	-	(9,963)
Acquisition of treasury shares	8(b)	-	(2,436)	-	-	-	-	-	-	(2,436)
Issues 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)
Non-controlling interest acquired		-	-	-	-	-	-	(45)	(71)	(116)
Balance at 30 June 2022		53,223	(1,325)	222,020	(534)	1,413	2,912	166	(71)	277,804

Consolidated statement of cash flows

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**194,130**	218,456
Payments to suppliers and employees (inclusive of GST)		**(171,806)**	(154,351)
Disbursements recovered		**68,752**	65,141
Disbursements paid		**(75,611)**	(74,352)
Interest received		**340**	263
Finance costs		**(5,145)**	(5,851)
Income taxes paid		**(34)**	(229)
Net cash inflow from operating activities	9(a)	**10,626**	49,077
Cash flows from investing activities			
Payments for plant and equipment		**(938)**	(1,406)
Payment of deferred consideration relating to acquisition of business		**(116)**	(838)
Payments for acquisition of files		**(508)**	(31)
Costs associated with acquisition of business		**(82)**	-
Payments for investments		**-**	(100)
Purchase of receivables		**(1,454)**	-
Loans to related parties		**(653)**	(7)
Proceeds from sale of subsidiaries		**3,538**	-
Payment for intangible assets		**(4,798)**	(3,075)
Net cash (outflow) from investing activities		**(5,011)**	(5,457)
Cash flows from financing activities			
Payments for treasury shares	8(b)	**(2,436)**	(62)
Proceeds from borrowings		**2,000**	816
Repayment of borrowings		**(3,083)**	(2,241)
Dividends paid to company's shareholders	12(b)	**(9,963)**	(8,230)
Asset finance facility repayments		**(2,544)**	(2,409)
Principal elements of lease payments		**(8,936)**	(8,061)
Proceeds from disbursement funding		**20,808**	9,610
Repayments of disbursement funding		**(5,560)**	(9,854)
Net cash (outflow) from financing activities		**(9,714)**	(20,431)
Net (decrease)/increase in cash and cash equivalents		**(4,099)**	23,189
Cash and cash equivalents at the beginning of the financial year		**55,992**	32,812
Effects of exchange rate changes on cash and cash equivalents		**(29)**	(9)
Cash and cash equivalents at end of year	6(c)	**51,864**	55,992

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 included the following events and transactions during the reporting period:

- The sale of the Emanate Legal Services Pty Ltd subsidiary in April 2022 (see note 13).

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.

The Group settled or resolved more than 5,800 cases during the year and procured client damages in excess of $920 million.

New Practice Area segment

The Class Actions business continued to grow significantly during the year.

In November 2021, the application brought by Ethicon Sarl, Ethicon Inc. and Johnson & Johnson Medical Pty Limited (Applicants) for special to leave to appeal against the decision of the Full Court of the Federal Court of Australia in favour of Kathryn Gill, Diane Dawson and Ann Sanders (Respondents) was refused by the High Court of Australia.

The High Court decision brings to an end all avenues of appeal in the matter and paves the way to secure damages for all group members represented by the Respondents.

As a result of this decision, Shine is expecting to receive the balance of its unpaid fees and in addition, Shine will commence the group assessment phase of the matter, which is expected to run several years.

Following the successful decision in April 2021 in relation to the class action brought by Shine in the Federal Court of Australia against Westpac Banking Corporation and Westpac Life Insurance Services Limited (Westpac Life), Shine received its fixed costs in the sum of $4,626,290 in December 2021. The sum comprised Shine's fees of $2,773,398 ($2,521,271 exclusive of GST) and disbursements of $1,852,892.

The Medical Law and Head Trauma businesses are expanding and continue to demonstrate good growth.

The Shine Abuse business experienced strong growth in wide ranging abuse matters.

Personal Injury segment

The segment EBITDA result of $20,414,000 was 34% higher than for the comparable period as a result of the impact of restructuring and downsizing of non-performing practices in FY21 now delivering improvements to profitability in FY22.

Emerging business risks

The Group has reviewed its exposure to emerging business risks, that could impact the financial performance or financial position of the Group as at 30 June 2022 as follows:

COVID-19 Pandemic Impact

The Group continued to closely monitor and respond to the potential impacts on its business of the COVID-19 pandemic during the year. To date, there has been limited impact from COVID-19 on the operations of the Group. However, at the start of second half of FY22, there was an abnormal increase in sick leave taken in the business arising from the Omicron variant consistent with the national experience. Notwithstanding,

- The Group continues to provide flexible remote working options for its staff
- Financial results (NPAT) for FY22 are 21.9% ahead of prior year
- The Group had $46.7 million net cash at bank (cash at bank less short-term borrowings), and sufficient liquidity in its banking facilities (refer to note 11(d) for undrawn facility balances)
- Liquidity levels remain consistent, with the net current asset position increasing to $194.0 million (2021: $187.5 million)
- The pipeline of new work is tracking well, with new case numbers through Q3 and Q4 remaining consistent with prior year numbers.

There were no other significant business risks that impacted the financial performance or financial position of the Group as at 30 June 2022.

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

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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
- workers' compensation, and
- public liability

In addition, brands included within this segment are:

- SB Law Pty Ltd
- Sciaccas Lawyers Pty Ltd
- Bradley Bayly Holdings Pty Ltd
- Claims Consolidated Pty Ltd, and
- Nerve Legal Pty Ltd (Claimify)

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
- federal compensation law
- medical law
- head trauma
- class actions
- abuse law
- commercial disputes
- employment
- private client services, and
- catastrophic injuries

In addition, brands included within this segment are:

- Shine NZ Services Pty Ltd
- Best Wilson Buckley Family Law Pty Ltd
- Bradley Bayly Holdings Pty Ltd (Abuse portion)
- Carr & Co Divorce & Family Lawyers Pty Ltd
- Risk Worldwide New Zealand Limited, 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.

From 1 July, the Managing Director has restructured the segments to include the abuse law businesses in the PI segment. It is expected that this change will allow a faster resolution to claims, with cases being more actively managed. As part of this restructure, directors and management have considered and assessed the recoverability of the restructured CGU's, with the recoverable amounts exceeding the carrying value under the new structure.

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.

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

EBITDA reconciles to operating profit after income tax as follows:

	2022 $'000	2021 $'000
Profit after income tax from continuing operations	**31,483**	25,020
Finance costs	**5,346**	6,619
Depreciation and amortisation	**13,039**	12,849
Income tax expense	**13,560**	10,975
Interest revenue	**(340)**	(263)
EBITDA from continuing operations	**63,088**	55,200

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

	2022 $'000	2021 $'000
Personal Injury	**20,414**	15,206
New Practice Areas	**42,161**	39,901
Other	**513**	93
EBITDA	**63,088**	55,200

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:

	2022 $'000	2021 $'000
Cash inflow from operating activities	**10,626**	49,077
Net cashflows from disbursement funding	**15,248**	(244)
Finance costs paid	**5,145**	5,851
Income taxes paid	**34**	229
Interest received	**(340)**	(263)
GOCF	**30,713**	54,650

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.

	2022 $'000	2021 $'000
Personal Injury	**260,836**	251,830
New Practice Areas	**337,048**	320,201
Other	**15,460**	1,160
Total assets as per the balance sheet	**613,344**	573,191

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

	2022 $'000	2021 $'000
Australia	**234,566**	223,544
New Zealand	**1,032**	1,393
	235,598	224,937

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.

	2022 $'000	2021 $'000
Personal Injury	**100,147**	95,427
New Practice Areas	**69,197**	66,802
Other	**2,177**	3,634
Total segment liabilities	**171,521**	165,863
Unallocated:		
Deferred tax liabilities	**113,823**	102,785
Borrowings	**50,196**	49,402
Total liabilities as per the balance sheet	**335,540**	318,050

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	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000
Legal services								
No-win-no-fee variable	**98,118**	87,803	**93,606**	76,643	**-**	-	**191,724**	164,446
No-win-no-fee fixed fee	**-**	-	**8,679**	7,648	**-**	-	**8,679**	7,648
Time and materials	**-**	-	**12,783**	13,342	**-**	-	**12,783**	13,342
Revenue from external customers	**98,118**	87,803	**115,068**	97,633	**-**	-	**213,186**	185,436

b. Other income

	Personal Injury		New Practice Areas		Other		Total	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000	**2022 $'000**	2021 $'000
Interest income	**-**	-	**-**	-	**340**	263	**340**	263
Service management fee	**-**	-	**-**	-	**1,356**	1,451	**1,356**	1,451
Other revenue	**28**	27	**89**	29	**133**	4	**250**	60
Other income	**28**	27	**89**	29	**1,829**	1,718	**1,946**	1,774
Total segment revenue	**98,146**	87,830	**115,157**	97,662	**1,829**	1,718	**215,132**	187,210

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 major 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.

	2022 $'000	2021 $'000
Australia	**212,775**	185,860
New Zealand	**411**	(424)
	213,186	185,436

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:

	2022 $'000	2021 $'000
Current contract assets relating to work in progress	**181,598**	161,205
Non-current contract assets relating to work in progress	**150,878**	138,107
Total contract assets	**332,476**	299,312

There are no liabilities relating to contracts with customers.

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.

Historical experience and knowledge of the client cases has been used to determine the net realisable value 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 a time recorded 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 $70,473,000 (2021: $71,764,000).

The Group has determined statistically that its existing modelling for expected losses for contingent matters is materially 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, 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. Disbursements recovered are paid to third parties.

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. When a customer is paying for goods and services in arrears, the Group is effectively providing financing to the customer.

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

	2022 $'000	2021 $'000
Services management fee	1,356	1,451
Interest income	340	263
Other	250	60
	1,946	1,774

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).

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)

	2022 $'000	2021 $'000
Net gain/(loss) on disposal of plant and equipment	255	(10)
Net foreign exchange gains	53	11
	308	1

4. Other income and expense items (continued)

c. Breakdown of expenses by nature

	Notes	2022 $'000	2021 $'000
Premises		**3,146**	3,281
Marketing		**12,672**	11,793
HR, training and recruitment		**3,914**	2,971
IT and computer		**8,181**	7,455
Printing, postage and stationery		**1,261**	1,115
Professional fees		**4,544**	3,859
Fair value losses on unbilled disbursements	6(i)	**4,551**	3,124
Motor vehicle and travel		**803**	674
Net impairment losses on financial assets		**874**	91
Sundry		**181**	245
		40,127	34,608

d. Finance costs

	Notes	2022 $'000	2021 $'000
Interest and finance charges paid/payable for lease liabilities	7(b)	**2,041**	2,433
Disbursement funding related interest		**1,553**	2,461
Transformation project funding facility interest		**123**	259
Interest on other debt facilities		**1,547**	1,390
Other		**82**	76
		5,346	6,619

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

	2022 $'000	2021 $'000
Current tax		
Current tax on profits for the year	(33)	192
Total current tax (benefit)/expense	(33)	192
Deferred income tax		
Decrease/(increase) in deferred tax assets	4,541	6,666
Increase in deferred tax liabilities	8,991	4,458
Total deferred tax expense	13,532	11,124
Income tax expense	13,499	11,316
Income tax expense is attributable to:		
Profit from continuing operations	13,560	10,975
(Loss)/Profit from discontinued operations	(61)	341
	13,499	11,316

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

	2022 $'000	2021 $'000
Profit from continuing operations before income tax expense	45,043	35,995
(Loss)/Profit from discontinued operations before income tax expense	(331)	915
	44,712	36,910
Tax at the Australian tax rate of 30% (2021: 30%)	13,414	11,073
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Amortisation of intangibles	35	139
Non-allowable items	216	71
Adjustments for current tax of prior periods	(166)	33
Income tax expense	13,499	11,316

5. Income tax expense (continued)

c. Tax losses

	2022 $'000	2021 $'000
Australia		
Tax losses for which a deferred tax asset has been recognised	**7,999**	24,503
Potential tax benefit @ 30%	**2,400**	7,351
New Zealand		
Tax losses for which a deferred tax asset has been recognised	**1,260**	275
Potential tax benefit @ 28%	**353**	82

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:

FINANCIAL ASSETS	Notes	2022 $'000	2021 $'000
Assets at amortised cost			
Trade and other receivables	6(a)	**15,754**	15,272
Other financial assets	6(b)	**5,354**	4,705
Cash and cash equivalents	6(c)	**51,864**	55,992
		72,972	75,969
Assets at fair value			
Unbilled disbursements	6(d)	**104,249**	106,890
Financial assets at fair value through profit or loss (FVPL)	6(e)	**14,175**	-
		118,424	106,890
		191,396	182,859

FINANCIAL LIABILITIES	Notes	2022 $'000	2021 $'000
Liabilities at amortised cost			
Trade and other payables	6(f)	**16,203**	18,568
Disbursement creditors	6(f)	**99,357**	91,081
Other financial liabilities	6(f)	**134**	158
Borrowings	6(h)	**50,196**	50,383
Lease liabilities	7(b)	**42,518**	42,943
		208,408	203,133

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	2022 $'000	2021 $'000
Current			
Trade receivables from contracts with customers		**14,363**	13,305
Loss allowance	11(c)	**(663)**	(997)
		13,700	12,308
Other receivables		**1,431**	1,727
		15,131	14,035
Non-current			
Trade receivables from contracts with customers		**623**	1,708
Loss allowance	11(c)	**-**	(471)
		623	1,237
		15,754	15,272

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	2022 $'000	2021 $'000
Current			
Loans to related parties (i)		**313**	313
		313	313
Non-current			
Loans to related parties (i)		**5,062**	4,413
Less: allowance for expected credit losses	11(c)	**(21)**	(21)
		5,041	4,392
		5,354	4,705

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	2022 $'000	2021 $'000
Current assets			
Cash at bank and in hand		**51,864**	55,992
Balance per statement of cash flows	9(b)	**51,864**	55,992

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 (2021: $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	2022 $'000	2021 $'000
Current		**76,070**	81,832
Non-current		**28,179**	25,058
	6(i)	**104,249**	106,890

i. Classification as unbilled disbursements

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.

Accounting policy

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

A general fair value adjustment is made to unbilled disbursements based on the Group's history of amounts not recovered over previous years, and a specific assessment is made on the recoverability of disbursements on major no-win-no-fee cases such as class actions.

ii. Fair values of unbilled disbursements

The losses on these assets held at FVTPL are disclosed separately at note 4(c). 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 a principal in respect of disbursements.

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

6. Financial assets and financial liabilities (continued)

e. 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:

DEFERRED CONSIDERATION	Notes	2022 $'000	2021 $'000
Current			
Deferred consideration	13	2,182	-
Derivative financial instruments	11(a)	893	-
		3,075	-
Non-current			-
Deferred consideration	13	9,974	-
Derivative financial instruments	11(a)	1,126	-
		11,100	-
		14,175	-

ii. Amounts recognised in profit or loss

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

	Notes	2022 $'000	2021 $'000
Fair value loss on deferred consideration shown in loss from discontinued operations	13	(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	2022 $'000	2021 $'000
CURRENT			
Trade and other payables			
Trade payables		**6,444**	6,823
Sundry payables and accrued expenses		**2,450**	1,499
Staff related payables		**5,613**	8,550
		14,507	16,872
Disbursement creditors			
Disbursement funding creditors	6(g)	**88,281**	80,101
Other disbursement creditors		**11,076**	10,980
		99,357	91,081
Other financial liabilities		**134**	158
		113,998	108,111
NON-CURRENT			
Trade and other payables			
Deferred consideration – vendor liabilities on acquisition (i)		**1,696**	1,696
		1,696	1,696
Total		**115,694**	109,807

i. Deferred consideration - vendor liabilities on acquisition

At 30 June 2022, there was $1,696,000 (2021: $1,696,000) of 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 are 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 of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 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 (Principal) $'000	Total facility balance $'000	Undrawn limit available $'000
30 JUNE 2022				
Third Party Disbursement Funding Facility				
Deferred payment agreement				
Principal		**57,500**	**(40,778)**	**16,722**
Accrued interest			**(29,966)**	
			(70,744)	
Credit contracts and Exclusive Service Provider Deed				
Principal			**(14,880)**	
Accrued interest and fees			**(2,657)**	
			(17,537)	
Total	6(f)		**(88,281)**	
30 JUNE 2021				
Third Party Disbursement Funding Facility				
Deferred payment agreement				
Principal		57,500	(46,183)	11,317
Interest			(23,202)	
			(69,385)	
Credit contracts and Exclusive Service Provider Deed				
Principal			(9,028)	
Accrued interest and fees			(1,688)	
			(10,716)	
Total	6(f)		(80,101)	

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 2022 $40,778,000 (2021: $46,183,000) reflecting total disbursements that are funded. Total accrued interest is $29,966,000 (2021: $23,202,000). 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 a 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 2022 was $14,880,000 (2021: $9,028,000).

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).

A provision 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	2022 $'000	2021 $'000
Variable rate – bank loans			
Expiring within one year		**3,083**	978
Expiring beyond one year		**9,000**	45,000
	11(b)	**12,083**	45,978
Fixed rate – bank loans			
Expiring within one year		**1,234**	982
Expiring beyond one year		**36,000**	-
		37,234	982
Transformation project costs loan			
Expiring within one year		**879**	2,544
Expiring beyond one year		**-**	879
		879	3,423
	9(c)	**50,196**	50,383
Current	9(b)	**5,196**	4,504
Non-current	9(b)	**45,000**	45,879

6. Financial assets and financial liabilities (continued)

i. Compliance with loan covenants

Shine Justice Ltd has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 reporting period, see note 12(a) for details.

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 1 July 2021, the Group fixed the variable cashflows relating to $36,000,000 of previously variable borrowings through an interest rate swap.

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.

Recurring fair value measurements At 30 June 2022	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
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
Total financial assets	-	2,019	116,405	118,424

Recurring fair value measurements At 30 June 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Unbilled disbursements	-	-	106,890	106,890
Total financial assets	-	-	106,890	106,890

There were no transfers into or out of Level 3 fair value measurements during the twelve months ended 30 June 2022.

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 2022.

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.

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.

6. Financial assets and financial liabilities (continued)

iii. Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 items for the periods ended 30 June 2022 and 30 June 2021:

MOVEMENTS	Unbilled disbursements $'000	Deferred consideration $'000	Total $'000
Balance at 1 July 2020	89,268	-	89,268
Additions and settlements	20,946	-	20,946
Discontinued operations	(200)	-	(200)
Losses recognised in profit or loss	(3,124)	-	(3,124)
Balance at 30 June 2021 & 1 July 2021	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)**
Balance at 30 June 2022	**104,249**	**12,156**	**116,405**

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 2022. There were also no changes made to any of the valuation techniques applied as at 30 June 2021.

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 30 June 2022 $'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Unbilled disbursements	104,249	Internal historical recovery rates Qualitative individual matters	If the recovery rate was 1% (higher) or lower, the fair value would (decrease)/ increase by $1,076,000
Deferred consideration	12,156	Internal historical recovery rates Qualitative individual matters	If the recovery rate was 1% lower, the fair value would decrease by $122,000
		Internal historical collection periods Qualitative individual matters	If the collection period was 3 months shorter the fair value would increase by $213,000
		Risk-adjusted discount rate	If the discount rate was 100bps (higher)/lower, the fair value would (decrease)/increase by $353,000

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 $'000	Office furniture and equipment $'000	Computer equipment $'000	Total $'000
Year ended 30 June 2021				
Cost or fair value	7,397	2,126	1,751	11,274
Accumulated depreciation	(5,241)	(1,604)	(730)	(7,575)
Net book amount	2,156	522	1,021	3,699
Opening net book amount	2,185	609	440	3,234
Exchange differences	(1)	1	-	-
Additions	430	167	902	1,499
Reclassifications	-	-	(94)	(94)
Disposals	(1)	(30)	(1)	(32)
Depreciation charge	(581)	(119)	(208)	(908)
Closing net book amount	2,032	628	1,039	3,699
Year ended 30 June 2022				
Cost or fair value	**7,709**	**2,055**	**1,512**	**11,276**
Accumulated depreciation	**(5,277)**	**(1,528)**	**(857)**	**(7,662)**
Net book amount	**2,432**	**527**	**655**	**3,614**
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)**
Closing net book amount	**2,432**	**527**	**655**	**3,614**

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 or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term.

The depreciation rates are as follows:

- Fixtures and fittings 10-67%
- Office furniture and equipment............10-67%
- Computer equipment............20-50%
- Vehicles............20%
- Leased plant and equipment............6-50%

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	2022 $'000	2021 $'000
Right-of-use-assets			
Premises		**30,985**	31,654
Equipment		**3,123**	2,897
		34,108	34,551
Lease liabilities			
Current		**9,102**	8,129
Non-current		**33,416**	34,814
	9(c)	**42,518**	42,943

Additions to the right-of-use assets during the 2022 financial year were $9,529,000 (2021: $2,446,000).

ii. Amounts recognised in the statement of profit or loss

	Notes	2022 $'000	2021 $'000
Depreciation charge of right-of-use-assets			
Premises		**(7,784)**	(7,585)
Equipment		**(1,282)**	(1,079)
		(9,066)	(8,664)
Interest expense (included in finance cost)	4(d)	**(2,041)**	(2,433)
Expense relating to short-term leases (included in other expenses)		**(595)**	(274)
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)		**(16)**	(13)

The total cash outflow for leases in 2022 was $10,980,000 (2021: $11,134,000).

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 interests in the leased assets that are held by the lessor. 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, e.g. 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 $1,282,000 (2021: $45,000).

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 $'000	Non –contractual client relationships $'000	IT development & software $'000	Transformation Project costs $'000	Trademarks, patents and intellectual property $'000	Total $'000
Year ended 30 June 2021						
Cost	46,151	1,391	7,300	13,471	11	68,324
Accumulated amortisation and impairment	(10,000)	(1,275)	(1,124)	(7,347)	-	(19,746)
Net book amount	36,151	116	6,176	6,124	11	48,578
Opening net book amount	36,152	579	4,272	7,935	11	48,949
Exchange differences	(1)	-	-	-	-	(1)
Additions	-	-	3,826	-	-	3,826
Transfer	-	-	(126)	-	-	(126)
Amortisation charge	-	(463)	(1,045)	(1,811)	-	(3,319)
Reclass of SaaS configuration and customisation costs to the profit or loss	-	-	(751)	-	-	(751)
Closing net book amount	36,151	116	6,176	6,124	11	48,578
Year ended 30 June 2022						
Cost	**28,225**	-	**11,804**	**13,014**	**11**	**53,054**
Accumulated amortisation and impairment	-	-	**(2,415)**	**(8,601)**	-	**(11,016)**
Net book amount	**28,225**	-	**9,389**	**4,413**	**11**	**42,038**
Opening net book amount	**36,151**	**116**	**6,176**	**6,124**	**11**	**48,578**
Exchange differences	**(6)**	-	-	-	-	**(6)**
Additions	-	-	**4,797**	-	-	**4,797**
Disposal of subsidiary	**(2,960)**	-	-	-	-	**(2,960)**
Disposals	-	-	**(253)**	-	-	**(253)**
Amortisation charge	-	**(116)**	**(1,331)**	**(1,711)**	-	**(3,158)**
Closing net book amount	**33,185**	-	**9,389**	**4,413**	**11**	**46,998**

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
- Non-contractual Client Relationship .... 1.5 years
- Patents and trademarks .... 10 years
- IT development and software .... 1-5 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.

Non-contractual Client Relationship

This relates to a file asset acquisition. The asset is representative of the premium paid to access profits expected to be obtained and is amortised over the life of the individual matters with an expected and maximum amortisation period of between 1.5 and 3 years.

Accounting policy

Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

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).

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

	2022 $'000	2021 $'000
Goodwill carrying amount		
Personal Injury	**14,188**	14,188
New Practice Areas	**18,997**	21,963
	33,185	36,151

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 FY23. 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:

2022	**Personal Injury**	**New Practice Areas**
Revenue volume (% annual growth rate)	**6.6**	**7.8**
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**
2021		
Revenue volume (% annual growth rate)	6.5	8.0
Operating costs (% annual growth rate)	3.0 to 3.7	3.0 to 3.7
Long-term growth rate (%)	3.0	3.0
Pre-tax discount rate (%)	13.2	13.6

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 volume	Average annual growth rate over the five-year forecast period is based on past performance, FY23 budget and management's expectations of future changes in the market. **Personal Injury Segment** In relation to the PI CGU, performance from 2012-2019 has been in excess of an annual growth rate of 5%. In FY21, the annual growth rate has been less than 5% due to strategies undertaken to restructure and re-organise the NSW and Victorian PI business with FY22 returning to 11% growth. As a result, it is considered appropriate that based on expectations of future performance, it is reasonable to maintain an annual growth rate of 5%. **New Practice Areas Segment** In relation to the NPA CGU, historical performance has been in excess of an annual growth rate of 5%. It is anticipated future growth will primarily be driven from the Class Action business and the continued growth in the Medical Law and Abuse Law businesses. 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%.
Other operating costs	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.
Long-term growth rate	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.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the jurisdictions in which they operate.

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 2022.

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 not identified any instances that could cause the carrying amount of the Personal Injury CGU and the New Practice Areas CGU to exceed its recoverable amount.

7. Non-financial assets and liabilities (continued)

Personal Injury 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:

	2022		2021	
	From	**To**	From	To
Revenue volume (% annual growth rate)	**6.6**	**4.1**	6.5	4.1
Long-term growth rate (%)	**3.0**	**-6.0**	3.0	-4.4
Pre-tax discount rate (%)	**13.2**	**17.6**	13.2	16.9

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:

	2022		2021	
	From	**To**	From	To
Revenue volume (% annual growth rate)	**7.8**	**5.6**	8.0	6.5
Long-term growth rate (%)	**3.0**	**-3.2**	3.0	-0.9
Pre-tax discount rate (%)	**13.6**	**16.8**	13.6	15.4

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

	2022 $'000	2021 $'000
Deferred tax assets	**12,177**	16,983
Deferred tax liabilities	**(126,000)**	(119,768)
	(113,823)	(102,785)

ii. Deferred tax assets

	2022 $'000	2021 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**2,753**	7,433
Provisions	**5,989**	6,478
	8,742	13,911
Other		
Leases	**2,598**	2,646
Employee LTI	**837**	456
Sundry	**-**	(30)
	3,435	3,072
Total deferred tax assets	**12,177**	16,983

Significant estimates

The deferred tax assets include an amount of $2,400,000 (2021: $7,351,000) which relates to Australian carried-forward tax losses. New Zealand carry forward tax losses amount to $353,000 (2021: $82,000). 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 $'000	Provisions $'000	Leases $'000	Employee LTI $'000	Sundry $'000	Total $'000
Balance at 1 July 2020	15,446	5,714	2,341	171	(11)	23,661
(Charged)/credited						
to statement of comprehensive income	(8,013)	764	305	285	(7)	(6,666)
to statement of financial position	-	-	-	-	(12)	(12)
Balance at 30 June 2021 & 1 July 2021	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 Emanate	**323**	**(623)**	-	-	-	**(300)**
Balance at 30 June 2022	**2,753**	**5,989**	**2,598**	**837**	-	**12,177**

iii. Deferred tax liabilities

	2022 $'000	2021 $'000
The balance comprises temporary differences attributable to:		
Work in progress and disbursements	**123,550**	118,356
Intangible assets	**1,362**	1,172
Plant and equipment	**482**	240
Cash flow hedges	**606**	-
Total deferred tax liabilities	**126,000**	119,768

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 Disburs. $'000	Intangible assets $'000	Plant and equipment $'000	Cash flow hedges $'000	Total $'000
Balance at 1 July 2020	114,349	844	117	-	115,310
(Charged)/credited					
to statement of comprehensive income	4,007	328	123	-	4,458
Balance at 30 June 2021 & 1 July 2021	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 Emanate	**(3,365)**	**-**	**-**	**-**	**(3,365)**
Balance at 30 June 2022	**123,550**	**1,362**	**482**	**606**	**126,000**

e. Current tax balances

	2022 $'000	2021 $'000
Current tax receivable	**-**	5
Current tax liabilities	**(233)**	(254)

These tax balances are in different tax jurisdictions and are not offsettable.

Accounting policy

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

f. Other assets

	2022 $'000	2021 $'000
Other current assets		
Prepayments	**4,653**	4,087
	4,653	4,087

7. Non-financial assets and liabilities (continued)

g. Employee benefit obligations

	2022			2021		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Leave obligations	**9,989**	**1,357**	**11,346**	8,722	1,422	10,144
Total employee benefit obligations	**9,989**	**1,357**	**11,346**	8,722	1,422	10,144

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 $9,989,000 (2021: $8,722,000) 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.

	2022 $'000	2021 $'000
Current leave obligations expected to be settled after 12 months	**6,174**	5,768

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

	2022			2021		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Make good provision (i)	**215**	**1,515**	**1,730**	211	1,523	1,734
	215	**1,515**	**1,730**	211	1,523	1,734

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

2022	**Make good provision $'000**
Balance at 1 July 2021	1,734
Charged/(credited) to profit or loss	
additional provisions recognised	**261**
amounts released	**(218)**
Derecognised on disposal of business	**(47)**
Balance at 30 June 2022	**1,730**

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

	2022 Shares	2021 Shares	2022 $'000	2021 $'000
Ordinary shares				
Fully paid	173,261,812	173,261,812	53,223	53,223
Total share capital	173,261,812	173,261,812	53,223	53,223

i. Movements in ordinary shares

	Number of shares (thousands) #	Total $'000
Details		
Balance at 30 June 2021 & 1 July 2021	173,262	53,223
Balance at 30 June 2022	**173,262**	**53,223**

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.

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).

	2022		2021	
	Number of shares	**$'000**	Number of shares	$'000
Details				
Opening balance 1 July	**63,212**	**62**	-	-
Acquisition of shares under the non-executive director fee sacrifice scheme	**341,703**	**424**	63,212	62
Acquisition of shares under the employee share scheme	**1,691,552**	**2,012**	384,344	307
Allocation of shares to employees under the employees share scheme	**(941,552)**	**(1,173)**	(384,344)	(307)
Balance at 30 June	**1,154,915**	**1,325**	63,212	62

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	Share-based payments $'000	Foreign currency translation $'000	Hedging $'000	Non-controlling interest reserve $'000	Total other reserves $'000
Balance at 1 July 2020		896	(516)	-	-	380
Currency translation difference		-	(23)	-	-	(23)
Other comprehensive income		-	(23)	-	-	(23)
Transactions with owners in their capacity as owners:						
Issue of shares to employees		(307)	-	-	-	(307)
Share schemes – value of services	19(b)	949	-	-	-	949
Balance at 30 June 2021 & 1 July 2021		1,538	(539)	-	-	999
Currency translation difference		**-**	**5**	**-**	**-**	**5**
Revaluation - gross		**-**	**-**	**2,019**	**-**	**2,019**
Deferred tax		**-**	**-**	**(606)**	**-**	**(606)**
Other comprehensive income		**-**	**5**	**1,413**	**-**	**1,418**
Transactions with owners in their capacity as owners:						
Issue 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)**
Balance at 30 June 2022		**2,912**	**(534)**	**1,413**	**(71)**	**3,720**

8. Equity (continued)

Nature and purposes of reserves

Share-based payments

The share-based payments 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	**2022 $'000**	2021 $'000
Balance at 1 July		**200,840**	183,514
Net profit for the period		**31,143**	25,556
Dividends	12(b)	**(9,963)**	(8,230)
Balance at 30 June		**222,020**	200,840

9. Cash flow information

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

	2022 $'000	2021 $'000
Profit for the period	**31,213**	25,594
Adjustments for:		
Depreciation and amortisation	**13,039**	12,891
Net gain on sale of non-current assets	**112**	158
Interest on make good provision	**82**	75
Employee share scheme	**2,547**	-
Loss on disposal of subsidiary	**718**	-
Costs associated with disposal of subsidiary	**82**	-
Changes in operating assets and liabilities		
Increase in trade receivables	**(5,677)**	(2,499)
Decrease in other assets	**2,776**	616
(Increase)/decrease in work in progress	**(41,582)**	5,854
Increase/(decrease) in disbursements	**352**	(17,623)
(Decrease)/increase in trade creditors and accruals	**(8,121)**	11,692
(Decrease) in income taxes payable	**(16)**	(49)
Increase in deferred tax liabilities	**13,481**	11,136
Increase in provisions	**1,620**	1,232
Net cash inflow from operating activities	**10,626**	49,077

9. Cash flow information (continued)

b. Net debt

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

	Notes	2022 $'000	2021 $'000
Cash and cash equivalents	6(c)	**51,864**	55,992
Borrowings – repayable within one year (including overdraft)	6(h)	**(5,196)**	(4,504)
Lease liabilities – repayable within one year	7(b)	**(9,102)**	(8,129)
Borrowings – repayable after one year	6(h)	**(45,000)**	(45,879)
Lease liabilities – repayable after one year	7(b)	**(33,416)**	(34,814)
Net debt		**(40,850)**	(37,334)
Cash and cash equivalents	6(c)	**51,864**	55,992
Gross debt – fixed interest rates		**(80,631)**	(47,348)
Gross debt – variable interest rates	6(h)	**(12,083)**	(45,978)
Net debt		**(40,850)**	(37,334)

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

	Liabilities from financing activities			
	Disbursement funding $'000	**Borrowings $'000**	**Leases $'000**	**Total $'000**
Balance at 1 July 2020	(52,867)	(52,499)	(48,447)	(153,813)
Cash flows – repayments	244	3,835	8,056	12,135
Payments from lenders direct to suppliers	-	(1,719)	-	(1,719)
Loans repaid from client settlements	6,440	-	-	6,440
Acquisitions - leases	-	-	(3,878)	(3,878)
Terminations – leases	-	-	1,322	1,322
Foreign exchange adjustments	-	-	4	4
Balance at 30 June 2021 & 1 July 2021	(46,183)	(50,383)	(42,943)	(139,509)
Cash flows – repayments	**(15,248)**	**3,628**	**8,936**	**(2,684)**
Payments from lenders direct to suppliers	**-**	**(3,463)**	**-**	**(3,463)**
Disposal of business	**-**	**22**	**-**	**22**
Loans repaid from client settlements	**20,653**	**-**	**-**	**20,653**
Acquisitions – leases	**-**	**-**	**(9,902)**	**(9,902)**
Terminations – leases	**-**	**-**	**1,359**	**1,359**
Foreign exchange adjustments	**-**	**-**	**32**	**32**
Balance at 30 June 2022	**(40,778)**	**(50,196)**	**(42,518)**	**(133,492)**

During the year ended 30 June 2022, $33,354,000 (2021: $60,751,000) of the disbursement funding facilities were repaid to the funder directly from settlement funds received on behalf of clients. As the funds were paid from client funds, the cash flows relating to this are not reflected in the Consolidated statement of cash flows.

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.

CONTENTS

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:

- estimates involved in sale of subsidiary:
  - estimated fair value of certain financial assets – note 6(i)
  - estimates determining goodwill disposed – note 13(c)
- estimation uncertainties and judgements made in relation to lease accounting – note 7(b)
- estimated goodwill impairment – note 7(c)
- recognition of revenue and allocation of transaction price – note 3
- 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
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Australian dollars	Cash flow forecasting Sensitivity analysis	Negligible
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Credit risk	Cash and cash equivalents, trade receivables and contract assets	Ageing analysis Credit ratings	Diversification of bank deposits and credit limits
Liquidity risk	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:

	2022 $'000	2021 $'000
Current assets		
Interest rate swaps – cash flow hedges (b)(ii)	893	-
Total current derivative financial instrument assets	**893**	-
Non-current assets		
Interest rate swaps – cash flow hedges (b)(ii)	1,126	-
Total non-current derivative financial instrument assets	**1,126**	-

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 $'000	Total hedge reserves $'000
Balance at 1 July 2020		-	-
Balance at 30 June 2021 & 1 July 2021		-	-
Add: Change in fair value of hedging instrument recognised in OCI for the year	8(c)	**2,019**	**2,019**
Less: Deferred tax	8(c)	(606)	(606)
Balance at 30 June 2022		**1,413**	**1,413**

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 2022.

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:

	2022 NZD $'000	2021 NZD $'000
Cash and cash equivalents	**980**	2,969
Trade receivables	**346**	822
Trade payables	**(83)**	(106)
Lease liabilities	**(851)**	(1,139)
Other	**184**	186

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

	2022 NZD $'000	2021 NZD $'000
Net foreign exchange gain in other (losses)/gains	**(34)**	(6)
Exchange gains/(losses) on foreign currency borrowing included in finance costs	**38**	(2)
Total net foreign exchanges gain/(loss) recognised in profit before income tax for the period	**4**	(8)

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 2022, 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	**2022 $'000**	**% of total loans borrowings**	2021 $'000	% of total loans borrowings
Variable rate borrowings	6(h)	**12,083**	**24%**	45,978	91%
Fixed rate borrowings – repricing or maturity dates					
Less than 1 year		**-**	**-**	-	-
1 – 5 years	6(h)	**36,000**	**72%**	-	-
Over 5 years		**-**	**-**	-	-
		48,083	**96%**	45,978	91%

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 75% (2021 – nil) of the variable loan principal outstanding. The fixed interest rate of the swap is 0.65% (2021 – nil) and the variable rates of the loans are between 2.69% and 2.94% above the 90 day bank bill rate which at the end of the reporting period was 1.81%.

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:

	2022	2021
Carrying amount (current and non-current asset) ($'000)	**2,019**	-
Notional amount ($'000)	**36,000**	-
Maturity date	**2024**	-
Hedge ratio	**1:1**	-
Change in fair value of outstanding hedging instruments since 1 July ($'000)	**2,019**	-
Change in value of hedged item used to determine hedge effectiveness ($'000)	**(2,019)**	-
Weighted average hedged rate for the year (%)	**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	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Interest rates – increase by 100 basis points (2021: 100bps) *	**(85)**	(460)	**167**	(460)
Interest rates – decrease by 100 basis points (2021: 100bps) *	**85**	460	**(167)**	460

*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	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Provision rates – increase by 1% (2021: 1%) *	**(1,076)**	(1,097)	**(1,076)**	(1,097)
Provision rates – decrease by 1% (2021: 1%) *	**1,076**	1,097	**1,076**	1,097

* Holding all other variables constant.

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 2022 and 30 June 2021 was determined as follows for trade receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
30 June 2022						
Expected loss rate (%)	**0%**	**0%**	**0%**	**5%**	**15%**	
Gross carrying amount ($'000)	**7,321**	**2,203**	**649**	**749**	**4,146**	**15,068**
Loss allowance ($'000)	**-**	**-**	**-**	**34**	**629**	**663**
30 June 2021						
Expected loss rate (%)	0%	0%	0%	4%	21%	
Gross carrying amount ($'000)	4,812	1,517	941	858	6,885	15,013
Loss allowance ($'000)	-	-	-	34	1,434	1,468

The loss allowance for trade receivables as at 30 June 2022 reconciles to the opening loss allowance as follows:

	2022 $'000	2021 $'000
Balance at start of year	**1,468**	2,242
Increase in loss allowance recognised in profit or loss during the year	**145**	112
Receivables written off during the year as uncollectable	**(950)**	(886)
Balance at 30 June	**663**	1,468

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.

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 2022 reconciles to the opening loss allowance as follows:

	Related parties $'000	Total $'000
Opening loss allowance as at 1 July 2020	21	21
Closing loss allowance as at 30 June 2021	21	21
Closing loss allowance as at 30 June 2022	**21**	**21**

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 $51,864,000 (2021: $55,992,000) that are expected to readily generate cash inflows for managing liquidity risk. 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.

i. Financing arrangements

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

	2022 $'000	2021 $'000
Variable rate		
Expiring within one year (line of credit)	**1,500**	1,500
Expiring beyond one year (bank loans)	**18,917**	21,022
	20,417	22,522

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 continuance of satisfactory credit ratings, 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 $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
At 30 June 2022					
Non-derivatives					
Trade and other payables[1]	**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	**9,102**	**26,300**	**7,116**	**42,518**	**42,518**
Total non-derivatives	**128,335**	**76,083**	**7,116**	**211,534**	**208,274**
Derivatives					
Trading derivatives	**893**	**1,126**	**-**	**2,019**	**2,019**
Total derivatives	**893**	**1,126**	**-**	**2,019**	**2,019**
At 30 June 2021					
Non-derivatives					
Trade and other payables[1]	107,922	-	-	107,922	107,922
Borrowings	4,504	49,107	-	53,611	50,383
Deferred consideration	-	1,696	-	1,696	1,696
Lease liabilities	8,161	25,160	9,622	42,943	42,943
Total non-derivatives	120,587	75,963	9,622	206,172	202,944

1 Includes disbursement creditors which is 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 gearing ratio:

Net debt as per note 9(b)

divided by

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

The gearing ratios at 30 June 2022 and 30 June 2021 were as follows:

	Notes	2022 $'000	2021 $'000
Net debt	9(b)	**40,850**	37,334
Total equity		**277,804**	255,141
Net debt to equity ratio		**15%**	15%

Financial covenants

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

- The 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.

The Group has complied with these covenants throughout the reporting period.

12. Capital management (continued)

b. Dividends

i. Ordinary shares

	2022 $'000	2021 $'000
Final dividend for the year ended 30 June 2021 of 3.25 cents (2020: 2.75 cents) per fully paid share	5,631	4,765
Interim dividend for the year ended 30 June 2022 of 2.50 cents (2021: 2.00 cents) per fully paid share	4,332	3,465
Total paid during the year	**9,963**	8,230

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

	2022 $'000	2021 $'000
In addition to the above dividends, since year end the Directors have declared a final dividend of 3.50 cents per fully paid ordinary share (2021: 3.25 cents). The aggregate amount of the proposed dividend expected to be paid on 7 October 2022 from retained earnings at 30 June 2022, but not recognised as a liability at year end, is:	6,064	5,631

iii. Franked dividends

The dividends declared after 30 June 2022 will be 100% unfranked. 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 2022.

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 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 intention to exit the landholder law business and initiated an 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) and the year ended 30 June 2021.

	2022 $'000	2021 $'000
Revenue (note 3)	**4,880**	6,444
Fair value adjustment of deferred consideration receivable	**(9)**	-
Expenses	**(4,494)**	(5,529)
Profit before income tax	**377**	915
Income tax expense	**(151)**	(341)
Profit after income tax of discontinued operation	**226**	574
Loss on sale of the subsidiary after income tax (see (c) below)	**(496)**	-
(Loss)/profit from discontinued operations	**(270)**	574
Net cash inflow/(outlow) from operating activities	**406**	(647)
Net cash inflow from investing activities (2022 includes an inflow of $3,538,000 from the sale of the subsidiary)	**3,538**	197
Net cash (outflow)/inflow from financing activities	**(87)**	35
Net increase/(decrease) in cash generated by the subsidiary	**3,857**	(415)

13. Discontinued operations (continued)

c. Details of the sale of the subsidiary

	2022 $'000	2021 $'000
Consideration received or receivable		
Cash	156	-
Fair value of deferred consideration	12,315	-
Total disposal consideration	12,471	-
Carrying amounts of net assets sold	(13,179)	-
Loss on sale before income tax	(708)	-
Income tax benefit on loss	212	-
Loss on sale after income tax	(496)	-

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. 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 $'000
Trade receivables	6,654
Work in progress	9,021
Unbilled disbursements	2,194
Property and equipment	162
Goodwill[1]	2,960
Prepayments	121
Total assets	21,112
Trade creditors	(1,202)
Other payables	(3,233)
Borrowings	(22)
Provisions	(426)
Deferred tax liabilities	(3,050)
Total liabilities	(7,933)
Net Assets	13,179

1 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 2022 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/ country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		2022	2021	**2022**	2021	
		%	%	**%**	%	
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
Emanate Legal Services Pty Ltd	Australia	**-**	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**	80	**15**	20	Legal services
Nerve Legal Pty Ltd [1]	Australia	**100**	100	**-**	-	Legal services
Shine Justice Employee Share Trust	Australia	**100**	100	**-**	-	Share trust

1 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	**2022 $'000**	2021 $'000
Current assets	**996**	879
Current liabilities	**(546)**	(740)
Current net assets	**450**	139
Non-current assets	**2,221**	662
Non-current liabilities	**(1,562)**	(96)
Non-current net assets	**659**	566
Net assets	**1,109**	705
Accumulated NCI	**166**	141

14. Interests in other entities (continued)

Summarised statement of comprehensive income	2022 $'000	2021 $'000
Revenue	4,529	5,003
Profit for the period	404	192
Total comprehensive income	404	192
Profit allocated to NCI	70	38
Dividends paid to NCI	-	-

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:

	2022 $'000	2021 $'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 2021.

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:

	2022 $'000	2021 $'000
Bank Guarantee Facility		
Limit	**4,500**	4,500
Unused	**804**	1,361

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 2022 is $79,998 (2021: $100,533).

c. Contingent assets

The Group had no contingent assets at 30 June 2022.

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 (2021: $nil).

b. Commitments

The Group has payment commitments to suppliers under vendor financing arrangements as follows:

	2022 $'000	2021 $'000
Non-cancellable payments		
Not later than 12 months	**2,899**	3,903
Between 12 months and 5 years	**1,216**	2,610
	4,115	6,513

17. Events occurring after the reporting period

a. Dividend recommendation

Refer to note 12(b) for the final dividend declared by the Directors, to be paid on 7 October 2022.

b. COVID-19 Impact

There has been limited impact from COVID-19 on the operations and financial results of the Group. This has continued to be the case through to 30 June 2022.

The Group is continuing to monitor lead indicators for potential impacts on performance in the short to medium term.

At the date of the signing of the accounts, the Group is comfortable that performance to date in FY22 does not suggest that there will be a material impact on the business in the near term.

c. Boston Scientific Class Action – Settlement Deed

On 14 July 2022, Shine Justice Ltd announced the execution of a settlement deed in the matter of Debra Fowkes (Applicant) in the class action brought by Shine Lawyers against Boston Scientific Corporation and Boston Scientific Pty Ltd (Respondents) on behalf of the Applicant and group members in respect of allegedly defective vaginal mesh or sling implants.

The settlement deed seeks to settle the action for AUD $105 million (inclusive of costs, disbursements and interest) without any admission of misconduct or liability, subject to Court approval.

The settlement does not impact Shine Justice Ltd's financial results for the year ended 30 June 2022, as revenue has been progressively brought to account in accordance with the relevant accounting standards. Subject to the timing of the Court's approval, the settlement is expected to have a positive impact on the Group's Gross Operating Cash Flow in the financial year ending 30 June 2023.

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 2022	Ownership interest 2021
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

	2022 $	2021 $
Short-term employee benefits	**2,223,649**	2,056,978
Post-employment benefits	**132,627**	126,795
Long-term employment benefits	**91,446**	93,952
Share-based payments	**465,499**	359,433
	2,913,221	2,637,158

Detailed remuneration disclosures are provided in the remuneration report on pages 18 to 37.

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:

	2022 $	2021 $
Sales and purchases of goods and services		
Sale of goods, rent and services to entity controlled by key management personnel	**1,355,908**	1,450,642
Purchases of premises rent from entity controlled by key management personnel	**1,142,594**	1,085,501
Interest received from related parties	**218,340**	212,001

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 parts of 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:

	2022 $	2021 $
Balance at start of year	**4,391,515**	4,384,082
Loans advanced	**1,383,694**	985,557
Loan repayments	**(951,992)**	(1,190,125)
Interest charged	**218,340**	212,001
Balance at 30 June	**5,041,557**	4,391,515

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

	2022 $	2021 $
Balance at start of year	**6,059,820**	6,444,984
Interest charged	**330,102**	345,435
Repayments made	**(880,120)**	(822,100)
Additional commitments	**304,845**	91,501
Balance at 30 June	**5,814,647**	6,059,820

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 three 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% (2021: 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) (2021: $264,000).

During the year, consultancy fees were paid to a company owned by Rod Douglas of $41,778 (including GST) (2021: $48,123).

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 and 2019 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 FY21 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 2020, 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 five 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 five 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:

	2022 Number of rights			2021 Number of rights		
	EPS	**TSR**	**Strategic Objectives**	EPS	TSR	Strategic Objectives
FY18 issuance						
Balance at start of year	-	-	-	965,550	413,807	-
Forfeited during the year	-	-	-	(965,550)	(29,482)	-
Vested during the year	-	-	-	-	(384,325)	-
Balance at 30 June	-	-	-	-	-	-
FY19 issuance						
Balance at start of year	**742,365**	**318,156**	-	846,140	362,632	-
Forfeited during the year	-	**(118,990)**	-	(103,775)	(44,476)	-
Vested during the year	**(742,365)**	**(199,166)**	-	-	-	-
Balance at 30 June	-	-	-	742,365	318,156	-
FY20 issuance						
Balance at start of year	**1,192,134**	**510,915**	-	1,471,870	630,802	-
Forfeited during the year	**(52,512)**	**(22,505)**	-	(279,736)	(119,887)	-
Balance at 30 June	**1,139,622**	**488,410**	-	1,192,134	510,915	-
FY21 issuance						
Balance at start of year	**1,198,659**	**600,329**	**600,329**	-	-	-
Granted during the year	-	-	-	1,303,534	652,767	652,767
Forfeited during the year	**(47,890)**	**(24,944)**	**(24,944)**	(104,875)	(52,438)	(52,438)
Balance at 30 June	**1,150,769**	**575,385**	**575,385**	1,198,659	600,329	600,329
FY22 issuance						
Balance at start of year	-	-	-	-	-	-
Granted during the year	**1,173 ,307**	**586,654**	**586,654**	-	-	-
Forfeited during the year	**(3,949)**	**(1,974)**	**(1,974)**	-	-	-
Balance at 30 June	**1,169,358**	**584,680**	**584,680**	-	-	-

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 2022	Number of rights 2021
14 December 2018 (FY19 LTIP)	30 June 2021	-	1,060,521
29 November 2019 (FY20 LTIP)	30 June 2022	**1,628,032**	1,703,049
18 December 2020 (FY21 LTIP)	30 June 2023	**2,301,539**	2,399,317
2 December 2021 (FY22 LTIP)	30 June 2024	**2,338,718**	-
Total		**6,268,289**	5,162,887

i. Fair value of rights granted

The assessed fair value at grant date of Performance Rights granted during the year ended 30 June 2022 was:

- EPS: $1.30 per right (2021: $0.77)
- TSR: $0.84 per right (2021: $0.49)
- Strategic Objectives: $1.30 per right (2021: $0.77)

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 2022 included:

- rights are granted for no consideration and vest based on Shine Justice Ltd TSR over a three-year period.
- *grant date:* 2 December 2021 (2021: 18 December 2020)
- *expiry date of performance period:* 30 June 2024 (2021: 30 June 2023)
- *share price at grant date:* $1.44 (2021: $0.87)
- *expected price volatility of the company's shares:* 40.37% (2021: 45.37%)
- *expected dividend yield*: 3.65% (2021: 4.34%)
- *risk-free interest rate:* 0.89% (2021: 0.11%)

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 $1.30 (2021: $0.77) and $0.84 (2021: $0.49) 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 executives 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:

	2022 **$**	2021 $
Rights issued under long-term incentive schemes	**2,547,000**	949,000
	2,547,000	949,000

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 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 2021) being $0.96 (FY21 Rights: $0.88).

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 2022	Number of rights 2021
Balance at start of year	**404,915**	-
Granted during the year		
FY21 issuance	**-**	132,717
FY22 issuance	**-**	272,198
Vested during the year		
FY21 issuance	**(132,717)**	-
Balance at 30 June	**272,198**	404,915

NED rights outstanding at the end of the year have the following expiry period:

Grant date	**Vesting date**	**Number of rights 2022**	Number of rights 2021
18 December 2020 (FY21 NED Rights)	10 September 2021	**-**	132,717
30 June 2021 (FY22 NED Rights)	30 August 2022	**272,198**	272,198
Total		**272,198**	404,915

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:

	2022 $	2021 $
a. Auditors of the Group – PwC and related network firms		
Audit and review of financial reports		
Group	**456,960**	473,409
Total audit and review of financial reports	**456,960**	473,409
Non-audit services	**32,678**	6,400
Total services provided by PwC	**489,638**	479,809
b. Other auditors and their related network firms		
Audit of trust accounts and work in progress	**35,814**	33,950
Total services provided by other auditors	**35,814**	33,950

21. Earnings per share

	2022 Cents	2021 Cents
a. Basic earnings per share		
Attributable to the ordinary equity holders of the Company		
From continuing operations	**18.17**	14.42
From discontinued operations	**(0.15)**	0.33
Total basic earnings per share attributable to the ordinary equity holders of the Company	**18.02**	14.75
b. Diluted earnings per share		
Attributable to the ordinary equity holders of the Company		
From continuing operations	**17.59**	14.08
From discontinued operations	**(0.15)**	0.32
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**17.44**	14.40

c. Reconciliation of earnings used in calculated earnings per share

	2022 $'000	2021 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share		
From continuing operations	**31,413**	24,982
From discontinued operations	**(270)**	574
	31,143	25,556
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:		
From continuing operations	**31,413**	24,982
From discontinued operations	**(270)**	574
	31,143	25,556

21. Earnings per share (continued)

d. Weighted average number of shares used as the denominator

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**172,870,973**	173,259,278
Adjustments for calculation of diluted earnings per share:		
Deferred shares	**5,686,457**	4,186,168
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**178,557,430**	177,445,446

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
- Nerve 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 2022 of the closed group consisting of Shine Justice Ltd and its subsidiaries.

	2022 $'000	2021 $'000
Consolidated statement of comprehensive income		
Profit before income tax	**44,425**	38,237
Income tax expense	**(13,919)**	(11,170)
Profit for the period	**30,506**	27,067
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**205,397**	186,560
Profit for the period	**30,506**	27,067
Dividends paid	**(9,963)**	(8,230)
Retained earnings at the end of the financial year	**225,940**	205,397

22. Deed of cross guarantee (continued)

b. Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2022 of the closed group consisting of Shine Justice Ltd and its subsidiaries listed above.

	2022 $'000	2021 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**51,201**	53,635
Trade and receivables	**13,883**	12,032
Contract assets – work in progress	**179,056**	158,077
Unbilled disbursements	**78,009**	83,778
Derivative financial instruments	**893**	-
Other financial assets at amortised cost	**7,705**	10,055
Financial assets at fair value through profit or loss	**2,182**	-
Other current assets	**4,600**	4,029
Total current assets	**337,529**	321,606
Non-current assets		
Trade and other receivables	**647**	1,777
Contract assets – work in progress	**148,269**	135,057
Unbilled disbursements	**30,788**	28,109
Derivative financial instruments	**1,126**	-
Other financial assets at amortised cost	**5,041**	4,412
Financial assets at fair value through profit or loss	**9,974**	-
Plant and equipment	**2,864**	3,422
Right-of-use-assets	**32,636**	34,065
Intangible assets	**43,266**	44,839
Investments	**3,700**	3,700
Total non-current assets	**278,311**	255,381
Total assets	**615,840**	576,987

22. Deed of cross guarantee (continued)

	2022 $'000	2021 $'000
LIABILITIES		
Current liabilities		
Trade and other payables	**8,830**	8,129
Disbursement creditors	**99,299**	91,016
Borrowings	**4,265**	1,913
Lease liabilities	**9,831**	10,396
Other current financial liabilities	**5,875**	8,639
Provisions	**10,009**	8,666
Total current liabilities	**138,109**	128,759
Non-current liabilities		
Trade and other payables	**1,697**	1,697
Borrowings	**45,000**	45,000
Lease liabilities	**31,810**	35,467
Deferred tax liabilities	**114,532**	103,062
Provisions	**2,722**	2,818
Total non-current liabilities	**195,761**	188,044
Total liabilities	**333,870**	316,803
Net assets	**281,970**	260,184
EQUITY		
Share capital	**53,223**	53,223
Reserves	**2,807**	1,564
Retained earnings	**225,940**	205,397
Total equity	**281,970**	260,184

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:

	2022 $'000	2021 $'000
Balance sheet		
Current assets	**44,941**	43,762
Total assets	**182,462**	191,884
Current liabilities	**5,658**	5,447
Total liabilities	**39,914**	41,664
Shareholders' equity		
Issued capital	**132,627**	132,627
Reserves	**2,963**	1,538
Retained earnings	**6,958**	16,055
	142,548	150,220
Profit for the period	**866**	16,874
Total comprehensive income	**2,280**	16,874

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 $3,696,000 (2021: $3,139,000).

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 2022 or 30 June 2021. 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 2022 or 30 June 2021.

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 2021:

- **AASB 2020-4 Amendments to Australian Accounting Standards –** Covid-19-Related Rent Concessions [AASB 16] (no impact), and
- **AASB 2020-8 Amendments to Australian Accounting Standards –** Interest Rate Benchmark Reform – Phase 2 [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139] (no impact).

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 2022 reporting periods and have not been early adopted by the Group:

- **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], and
- **AASB 2021-5 Amendments to Australian Accounting Standards –** Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112].

The Group has assessed that these 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.

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.

24. Summary of other significant accounting policies (continued)

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.

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 on pages 60 to 158 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 2022 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 obligations or 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

26 August 2022

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 2022 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 2022
- 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.

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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 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
• For the purpose of our audit we used overall Group materiality of $2.2 million, which represents approximately 5% of the Group's profit before tax. • 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. • We chose Group profit before tax because the Group is a profit-oriented business and we therefore believe this to be the most appropriate benchmark for measuring performance. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The accounting processes are structured around a Group finance function at its head office in Brisbane, where we predominantly performed our audit procedures.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Revenue Recognition and Recoverability of Work In Progress (WIP) and Unbilled Disbursements – Carrying Value of Goodwill – Loss from disposal of Subsidiary • These are further described in the *Key audit matters* section of our report.

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
Revenue recognition and recoverability of WIP and Unbilled Disbursements *(Refer to note 3(c) and 6(d)) [$436.7m]* *At 30 June 2022, WIP of $332.5 million and unbilled disbursements of $104.2 million have been recognised.* The Group recognises WIP and Unbilled Disbursements 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. 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. Any revisions to estimated outcomes are recognised in the statement of profit or loss in the period which give rise to the revision. This was a key audit matter due to the judgement involved in determining the probability of contract outcomes.	To evaluate revenue recognition and the recoverability of WIP and Unbilled Disbursements, we performed the following procedures, amongst others: • Obtained an understanding of the accounting policy, processes and controls in place over revenue recognition, WIP and disbursement cycles. • Assessed the operating effectiveness of relevant key controls and examined supporting documentation including client cost agreements, time worked reports, resolution calculations and case settlements to verify case existence, WIP recording and case outcomes. • Assessed the Group's probability of success with reference to both historical case outcomes in the current and prior year. Where probability of success was not consistent with these outcomes, we assessed the evidence of such adjustments. • Performed lookback procedures through evaluating the yearly trend analysis on revenue constraint level, as well as assessing management's historical ability to forecast their constraint compared to the actual outcome. • For a sample of matters where historical performance was not considered predictive of probable outcomes, we enquired of the Group's legal practitioners, considered the status of such matters and external evidence where available to assess the Group's position regarding likely case outcomes. • On a sample basis, we tested Unbilled Disbursements to supporting documents and respective case records.

Key audit matter	How our audit addressed the key audit matter
	• Assessed the recoverability of Unbilled Disbursements with reference to specific matters, 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 key 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 2022, Goodwill of $33.2 million had been recognised, $14.2 million attributable to the Personal Injury (PI) cash generating unit (CGU) and $19.0m attributable to the New Practice Areas (NPA) CGU. The Group has tested the recoverable amount of PI and NPA CGUs including Goodwill based on a value in use (VIU) methodology, utilising a discounted cash flow model. The Group concluded that the recoverable amount of PI and NPA CGUs supported the carrying amount at 30 June 2022. Given the judgements incorporated by the Group in determining the recoverable amount of the PI & NPA CGU's this was included as a key audit matter.	To evaluate the Group's assessment of the recoverable amount to determine whether the carrying value of goodwill is supported, we performed a number of procedures including the following: • Assessed the determination of CGUs through examination of system, processes, reporting lines and personnel responsibility splits. • 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 CGU's. • Considered the historical reliability of the Group's cash flow forecasting process by comparing budgets with reported prior year's actual results. • Assessed the FY23 budget with reference to FY22 actual performance and agreed the FY23 cash flows per the financial model to the budget. • Together with our valuation experts, assessed the valuation methodology of the model and compared the discount rate, terminal growth rate and terminal value assumptions to market observable inputs.

Key audit matter	How our audit addressed the key audit matter
	• Evaluated sensitivities to changes to key assumptions in the impairment model to assess impact on headroom. • Evaluated whether the disclosures made in the notes to the financial statements, including those regarding the key assumptions, were consistent with our understanding based on our audit procedures and the requirements of Australian Accounting Standards.
Loss from disposal of subsidiary *(Refer to note 13) [$0.7m]* On 29 April 2022, Shine's shares in Emanate Legal Services Pty Ltd were sold to Strand Legal Services Pty Ltd. The transaction comprised an upfront cash receipt of $0.2 million and a Deferred Payment of $12.2 million. Net assets, including Goodwill of $13.2 million were disposed of at that point, resulting in a net loss on sale of $0.7 million. The group has assessed that loss of control over the subsidiary occurred on 29 April 2022, and consequently, all assets and liabilities have been derecognised on that day. Initial measurement over the consideration received has also been evaluated further given that the transaction consisted of an upfront and deferred payment. The deferred payment is recognised at fair value in accordance with accounting standards. The Group made judgements in relation to the fair value measurement over deferred consideration and the allocation of goodwill disposed on sale. Given these judgments, this transaction was considered to be a key audit matter.	To evaluate the loss from the disposal of a subsidiary and corresponding deferred consideration, we performed a number of procedures, including: • Assessed the key terms included within the Share Sale Agreement and application of these terms against the relevant accounting standards. • Performed an evaluation over the date at which control was lost. • Together with our valuation experts, assessed the fair value measurement of the deferred consideration and the key assumptions underpinning the estimate, including the discount rate used and mathematical accuracy of the model • Evaluated the classification as a discontinued operation and whether the disclosures made in notes to the financial statements were in accordance with the requirements of Australian Accounting Standards.

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 2022, 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 we do not and will not express an opinion or any form of assurance conclusion thereon.

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.

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.

This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 18 to 37 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Shine Justice Ltd for the year ended 30 June 2022 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

PricewaterhouseCoopers

K Challenor

Kim Challenor
Partner

Brisbane
26 August 2022

Shareholder Information

The following information is current as at 24 August 2022.

Holding Distribution

Category (size of holding)	Shareholders	FY20 Performance Rights	FY21 Performance Rights	FY22 Performance Rights	FY22 NED Rights	FY23 NED Rights
1 – 1,000	335	0	0	0	0	0
1,001 – 5,000	366	0	0	0	0	0
5,001 – 10,000	173	0	0	9	0	0
10,001 – 100,000	266	49	68	92	3	3
100,001 and over	61	1	4	1	1	1
Total	1,201	50	72	102	4	4

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel of Shares is 178.

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.

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:

	FY20 Performance Rights	FY21 Performance Rights	FY22 Performance Rights	FY22 NED Rights	FY23 NED Rights
Number of Rights	1,568,322	2,263,260	2,294,465	272,198	203,692
Number of holders	50	72	102	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	22,196,728	12.81
3	JP Morgan Nominees Australia Pty Limited	14,319,760	8.26
4	BNP Paribas Nominees Pty Ltd	7,953,205	4.59
5	Citicorp Nominees Pty Limited	5,851,911	3.38
6	BNP Paribas Noms Pty Ltd	2,850,895	1.65
7	NCH Pty Ltd	2,401,636	1.39
8	Jodie Willey	1,512,957	0.87
9	HSBC Custody Nominees Australia Limited – A/C 2	1,443,535	0.83
10	Stephen Roche and Wendy Roche	1,248,802	0.72
11	Pacific Custodians Pty Limited (SHJ Employee Incentive Trust)	1,154,915	0.67
12	Pacific Custodians Pty Limited (SHJ Employee Sub-Register)	1,002,302	0.58
13	Binya Park Pty Ltd [1]	948,802	0.55
14	Torrito Pty Ltd	904,293	0.52
15	Ankla Pty Ltd	833,936	0.48
16	CHSL Thompson Pty Ltd	821,107	0.47
17	Lindsay Adams	647,777	0.37
18	Neweconomy Com Au Nominees Pty Limited	599,315	0.35
19	First Samuel Ltd	563,850	0.33
20	Lara Schliebs	526,479	0.30
TOTAL TOP 20 HOLDERS		152,462,009	88.00
BALANCE OF REGISTER		20,799,803	12.00
TOTAL		173,261,812	100.00

1 Binya Park Pty Ltd is a company controlled by Simon Morrison.

Glossary

AGM	Annual general meeting
ARMC or Audit & Risk Management Committee	The Audit & Risk Management Committee of the Board
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it
Best Wilson Buckley	Best Wilson Buckley Family Law Pty Ltd ACN 139 493 039 or the business conducted by it
Board	The board of Directors of the Company
Bradley Bayly	Bradley Bayly Holdings Pty Ltd ACN 123 603 805 or the business conducted by it
Carr & Co	Carr & Co Divorce & Family Lawyers Pty Ltd ACN 114 924 168 or the business conducted by it
CFO	Chief Financial Officer
Chairman	The chairman of Directors
CLO	Chief Legal Officer
Company/Shine/Shine Justice	Shine Justice Ltd ACN 162 817 905
Constitution	The constitution of the Company
COO	Chief Operating Officer
Corporations Act	*Corporations Act 2001* (Cth)
Director	A director of the Company
EBITDA	Earnings before interest, tax, depreciation and amortisation
Emanate	Emanate Legal Services Pty Ltd ACN 169 229 752 or the business conducted by it
EPS	Earnings per Share
FY19	The financial year ended 30 June 2019
FY20	The financial year ended 30 June 2020
FY21	The financial year ended 30 June 2021
FY22/Financial Year	The financial year ending 30 June 2022
FY23	The financial year ending 30 June 2023
FY24	The financial year ending 30 June 2024
FY19 Performance Right	A Performance Right granted in respect of FY19, which vested during FY22
FY20 Performance Right	A Performance Right granted in respect of FY20
FY21 Performance Right	A Performance Right granted in respect of FY21
FY22 Performance Right	A Performance Right granted in respect of FY22

FY21 NED Right	A NED Right granted in respect of the six months to 30 June 2021
FY22 NED Right	A NED Right granted in respect of FY22
FY23 NED Right	A NED Right granted in respect of FY23
Group/Shine Justice Group	The Company and its Subsidiaries
KMP	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)
Leadership Team	A management team, including and supporting the Managing Director & CEO, the CFO, the COO and the CLO
Listing Rules	The listing rules of ASX
LTI	Long Term Incentive
LTIP	Long Term Incentive Plan or Performance Rights Plan
Mesh Class Action	The class action 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 on page 8
NED Equity Plan	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
NED Right	An unquoted right issued under the NED Equity Plan
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Board
Non-executive Director	A Director other than the Managing Director & CEO
NPAT	Net profit after tax
Performance Right/Right	An unquoted performance right issued under the LTIP
PwC	PricewaterhouseCoopers
RTSR	Relative Total Shareholder Return
Sciaccas	Sciacca's Lawyers Pty Ltd ACN 126 179 084 or the business conducted by it
Share	A fully paid ordinary share in the Company
Shine Lawyers	Shine Lawyers Pty Ltd ACN 134 702 757 or the business conducted by it
Stephen Browne Lawyers	SB Law Pty Ltd ACN 169 699 183 or the business conducted by it
STI	Short Term Incentive
STIP	Short Term Incentive Plan
Subsidiaries	The wholly owned subsidiaries of the Company as set out in note 13 to the Financial Statements
TSR	Total Shareholder Return
Website	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

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ASX Listing

ASX Code - SHJ

Company Numbers

ABN: 93 162 817 905
ACN: 162 817 905

Website

shinejustice.com.au

Auditors

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Bankers

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Share Registry

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PRONTO

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