Shine Justice Ltd

Interim Report

For the half-year ended 31 December 2024

ASX CODE: SHJ

Shine Justice Ltd
ABN: 93 162 817 905

Interim report – Half-year ended 31 December 2024

The interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Shine Justice Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Shine Justice Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 13, 160 Ann St, Brisbane QLD 4000. Its shares are quoted on the Australian Securities Exchange.

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Shine Justice Ltd ("Company") or ("Shine") and entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The Directors of Shine Justice Ltd during the whole of the half-year and up to the date of this report were:

Mr Graham Bradley AM (Independent Chairman)
Mr David Bayes
Mrs Teresa Dyson
Mr Rodney Douglas
Mr Simon Morrison

Group Overview

The principal activities of the Group during the half-year were the provision of legal services in Australia and New Zealand.

The Group's plaintiff legal services are focused on two core segments being personal injury litigation and class actions.

Review of operations

During the half-year the Group further refined its core business segments by renaming the New Practice Areas segment to Class Actions. This was done to reflect the strategy of the Group which it is to be the leading provider of Personal Injury litigation and Class Actions in Australia and New Zealand. There is a reducing number of immaterial non-Class Action work types in the Class Action segment.

The Group remains committed to investing in potential class action cases through multiple ongoing investigations. Several of these investigations have advanced to the funding application stage and are with litigation funders for progression. Once funding arrangements have been negotiated these matters will be filed, allowing the investigative legal work completed to be recognised as revenue, together with further revenue over the life of the action.

Personal injury cases continue to be the foundation of the Group.

The Group continues to experience strong growth in inbound claim enquiries, reflecting sustained demand for the Group's services. The focus remains on efficiently converting these enquiries to case openings where claims are justified. There has been significant progress in resolving historical matters, with a strong emphasis on timely, successful settlements which deliver positive outcomes for clients.

The implementation of a client contact system is expected to drive operational improvements in the enquiry to conversion process in the second half of FY25, supporting continued growth and strengthened ability to deliver value to our stakeholders.

Business Combinations

The Group gained accounting control over Shine Lawyers NZ Limited on 7 November 2024. The contribution to the Group's profit from ordinary activities was not material.

Financial Review

Statutory revenue increased to $100.7 million in the half year (PCP: $98.3 million). This growth was achieved with fewer fee earners than in the PCP as the Group continues to focus on efficiency and a stable workforce. Average full time equivalent fee earners for the half year were 507 compared with 559 in the PCP.

During the half year the work in progress (WIP) constraint increased by 17.4% mainly as a result of a decrease in historical WIP recoverability (meaning an increased constraint) in a number of matter cohorts, with the more material degradation in abuse matters. Net WIP increased by 4.3% to $371.6 million (PCP: $356.4 million). WIP growth was primarily due to class action settlements awaiting final approval and receipt of settlement.

There was no increase in the Group's operating cost base for the half year compared with the PCP. Non-employee related costs (excluding the write down as outlined below) reduced by $2.1 million to $35.2 million in the first half. Employee related costs however offset this reduction and increased by $2 million to $62 million in the half year.

During the half year, the Group recognised a non-operating fair value adjustment of deferred consideration of $4.1 million. This write down was recognised as a result of continued delays in cash receipts and follows the appointment of a receiver over the assets of the entity owing the consideration. The Group is undertaking recovery action and will pursue recoverability of all amounts due.

Gross Operating Cash Flow from personal injury improved compared with the PCP by 31% to $11.1 million (PCP: $8.5 million) however GOCF from class actions was lower in the first half by 143% to -$9.5 million (PCP: $22.2 million, noting that this includes significant inflows for the JJ Ethicon Mesh, Boston Scientific Mesh and Super PFAS class actions of $24.4 million).

The reduction in cash flow reflects inherent variability in class action outcomes and the timing of settlement milestones, key characteristics of our operating environment. As at 31 December 2024, several class actions were awaiting settlement fund distributions. This timing dynamic is a usual part of the business cycle and underscores the nature of our revenue and cash inflows. The Group remains focused on managing this cycle effectively to optimise cash flow and drive long-term value for shareholders.

During the half-year the Group undertook a process to refinance $18.8 million from disbursement creditors to borrowings. This process was completed in December 2024 and will realise an interest rate saving moving forward. Refer Note 3 and Note 5.

Segment Results

A summary of consolidated adjusted segment revenues* and adjusted segment results** for the half-year by segments is set out below:

	Adjusted Segment revenues*		**Adjusted Segment results****	
	31 Dec 24	31 Dec 23	**31 Dec 24**	31 Dec 23
	$'000	$'000	**$'000**	$'000
Personal Injury	**81,950**	86,165	**13,838**	16,108
Class Actions (formerly New Practice Areas)	**17,735**	17,967	**2,286**	5,346
Other	**1,006**	1,495	**59**	777
Total adjusted segment revenue/result	**100,691**	105,627	**16,183**	22,231

* Excludes the impact of the WIP write-off associated with Ethicon and Boston Scientific Mesh class actions in the half year ended 31 December 2023 of $7,332,000.

** Segment results are adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA), which is the measure of segment result that is reported to the Managing Director to assess the performance of the operating segments. 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 write-offs and impairments where the item is a result of an isolated, non-recurring event.

For a reconciliation to operating profit before tax, refer to note 1(b).

Specialist Personal Injury (comprising Medical Law, Disability Insurance & Superannuation and Asbestos and Dust Disease) transferred from the Class Actions segment to the Personal Injury segment on 1 July 2024. As a result, the Group has restated the previously reported comparative segment information as required by AASB 8.

Significant factors that have affected the Group's operations and results during the half-year to 31 December 2024 are described below:

(a) Personal Injury (PI)

In the first-half the personal injury segment EBITDA reduced to $13.8 million (PCP: $16.1 million) as a result of the continued rationalisation of work-types, work in progress write offs and constraint on future WIP recoverability. Staff turnover, which was high in the first quarter of FY2025, continues to be an area of focus due to the impacts on revenue and case resolution, and it is expected that improved staff retention will have a beneficial impact in the second-half of the financial year.

(b) Class Actions (formerly New Practice Areas)

Class actions has been negatively impacted in the half-year by a court ordered reduction in costs for a resolved matter, resulting in an additional $1.3 million constraint. This is the main factor in the segment adjusted EBITDA being $3.0 million lower in the first-half of the 2025 financial year. In addition to this the Group recognised a major case discontinuance in the half-year and high investment in new action investigations which will be beneficial to EBITDA in future periods.

Outlook

Activity in class actions remains strong and there are a number of investigations expected to be filed in the second half of FY25 and into FY26. The pipeline of cases also continues to increase and this underpins growth in the medium to long term. These cases are being sourced both domestically and internationally.

The Group is actively increasing the number of litigation funders available to it as the number of class actions opportunities increases.

The Group's personal injury strategy remains focused on organic file growth and recoverability, whilst maintaining an efficient cost base. Improved process initiatives remain a key focus for the Group.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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 directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

This report is made in accordance with a resolution of Directors.

Simon Morrison

Managing Director and CEO

Brisbane
28 February 2025

Auditor's Independence Declaration

As lead auditor for the review of Shine Justice Ltd for the half-year ended 31 December 2024, 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 review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
28 February 2025

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Consolidated statement of profit or loss
For the half-year ended 31 December 2024

	Notes	31 Dec 24 $'000	31 Dec 23* $'000
Revenue from contracts with customers	1(b)	**99,685**	96,800
Other income	1(b)	**1,006**	1,495
Employee benefits expense		**(61,699)**	(59,740)
Depreciation and amortisation expense		**(8,042)**	(7,914)
Finance costs	2(b)	**(4,907)**	(5,108)
Fair value losses on unbilled disbursements		**(4,112)**	(4,554)
Other expenses	2(a)	**(22,417)**	(20,376)
(Loss) / Profit before income tax		**(486)**	603
Income tax expense	2(c)	**(1,254)**	(301)
(Loss) / Profit for the half-year from continuing operations		**(1,740)**	302
Loss from discontinued operations (attributable to equity holders of the company)		**-**	(124)
(Loss) / Profit for the half-year		**(1,740)**	178
(Loss) / Profit is attributable to:			
Owners of Shine Justice Ltd		**(1,734)**	177
Non-controlling interest		**(6)**	1
(Loss) / Profit for the half-year		**(1,740)**	178

	Cents	Cents
Earnings per share attributable to the ordinary equity holders of the Company:		
Basic (loss)/earnings per share	**(1.01)**	0.10
Diluted (loss)/earnings per share	**(0.97)**	0.10

* Comparatives restated for discontinued operations.

Consolidated statement of comprehensive income
For the half-year ended 31 December 2024

	31 Dec 24 **$'000**	31 Dec 23* $'000
(Loss) / Profit for the half-year	**(1,740)**	178
Other comprehensive income		
Items that may be reclassified to profit or loss		
Changes in the fair value of cash flow hedges	**-**	(746)
Income tax relating to changes in fair value of cash flow hedges	**-**	224
Exchange differences on translation of foreign operations	**(27)**	22
Other comprehensive loss for the half-year, net of tax	**(27)**	(500)
Total comprehensive loss for the half-year	**(1,767)**	(322)
Total comprehensive (loss)/income for the half-year is attributable to:		
Owners of Shine Justice Ltd	**(1,761)**	(323)
Non-controlling interest	**(6)**	1
	(1,767)	(322)
Total comprehensive loss for the period attributable to owners of Shine Justice Ltd arises from:		
Continuing operations	**(1,761)**	(199)
Discontinued operations	**-**	(124)
	(1,761)	(323)

*Comparatives restated for discontinued operations

Consolidated balance sheet
For the half-year ended 31 December 2024

	Notes	31 Dec 24 $'000	30 Jun 24 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**10,812**	29,427
Trade and other receivables		**5,416**	9,284
Contract assets – work in progress	1(c)	**175,666**	189,120
Income tax receivable		**237**	-
Unbilled disbursements	10	**55,418**	56,935
Financial assets at fair value through profit or loss	10	**3,262**	5,406
Other current assets		**3,936**	3,766
Total current assets		**254,747**	293,938
Non-current assets			
Trade and other receivables		**1,201**	1,217
Contract assets – work in progress	1(c)	**195,930**	167,252
Unbilled disbursements	10	**43,413**	38,477
Investment in unlisted entity		**100**	100
Plant and equipment		**9,128**	10,002
Other financial assets at amortised cost	11	**-**	7,219
Financial assets at fair value through profit or loss	10	**4,152**	7,670
Right-of-use assets		**22,528**	23,376
Intangible assets		**48,193**	43,325
Total non-current assets		**324,645**	298,638
Total assets	1(b)	**579,392**	592,576
LIABILITIES			
Current liabilities			
Trade and other payables		**12,212**	13,245
Disbursement creditors		**74,036**	89,949
Borrowings	5	**26,962**	10,530
Lease liabilities		**8,048**	8,396
Other current financial liabilities		**272**	98
Current tax liabilities		**20**	747
Employee benefit obligations		**8,757**	9,663
Provisions		**373**	433
Total current liabilities		**130,680**	133,061

Consolidated balance sheet
For the half-year ended 31 December 2024

	Notes	31 Dec 24 $'000	30 Jun 24 $'000
Non-current liabilities			
Borrowings	5	**45,000**	45,000
Lease liabilities		**21,277**	22,063
Deferred tax liabilities		**114,905**	116,675
Employee benefit obligations		**1,553**	1,483
Provisions		**1,808**	1,666
Total non-current liabilities		**184,543**	186,887
Total liabilities	1(b)	**315,223**	319,948
Net assets		**264,169**	272,628
EQUITY			
Share capital	6	**52,784**	53,223
Other equity		**(1,118)**	(1,138)
Reserves		**922**	263
Retained earnings		**211,447**	220,110
Capital and reserves attributable to the owners of Shine Justice Ltd		**264,035**	272,458
Non-controlling interests		**134**	170
Total equity		**264,169**	272,628

Consolidated statement of changes in equity
For the half-year ended 31 December 2024

	Attributable to owners of Shine Justice Ltd								
	Share capital	Other equity	Retained earnings	Foreign exchange reserves	Hedging reserve	Equity share reserve	Non-controlling interest	Non-controlling interest reserve	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2023	53,223	(765)	216,672	(474)	978	1,118	163	(71)	270,844
Profit for the half-year	-	-	177	-	-	-	1	-	178
Other comprehensive income	-	-	-	22	(522)	-	-	-	(500)
Total comprehensive income for the half-year	-	-	177	22	(522)	-	1	-	(322)
Transactions with owners in their capacity as owners:									
Acquisition of treasury shares	-	(432)	-	-	-	-	-	-	(432)
Issue of shares to employees	-	232	-	-	-	(232)	-	-	-
Share schemes – value of services	-	-	-	-	-	843	-	-	843
	-	(200)	-	-	-	611	-	-	411
Balance at 31 December 2023	53,223	(965)	216,849	(452)	456	1,729	164	(71)	270,933
Balance at 1 July 2024	**53,223**	**(1,138)**	**220,110**	**(484)**	**-**	**818**	**170**	**(71)**	**272,628**
Loss for the half-year	**-**	**-**	**(1,734)**	**-**	**-**	**-**	**(6)**	**-**	**(1,740)**
Other comprehensive income	**-**	**-**	**-**	**(27)**	**-**	**-**	**-**	**-**	**(27)**
Total comprehensive income for the half-year	**-**	**-**	**(1,734)**	**(27)**	**-**	**-**	**(6)**	**-**	**(1,767)**
Transactions with owners in their capacity as owners:									
Dividends paid	**-**	**-**	**(6,929)**	**-**	**-**	**-**	**(30)**	**-**	**(6,959)**
Acquisition of treasury shares	**-**	**(119)**	**-**	**-**	**-**	**-**	**-**	**-**	**(119)**
Cancellation of shares from share buyback	**(439)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(439)**
Issue of shares to employees	**-**	**139**	**-**	**-**	**-**	**(139)**	**-**	**-**	**-**
Share schemes – value of services	**-**	**-**	**-**	**-**	**-**	**825**	**-**	**-**	**825**
	(439)	**20**	**(6,929)**	**-**	**-**	**686**	**(30)**	**-**	**(6,692)**
Balance at 31 December 2024	**52,784**	**(1,118)**	**211,447**	**(511)**	**-**	**1,504**	**134**	**(71)**	**264,169**

Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Notes	**31 Dec 24 $'000**	31 Dec 23 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**99,154**	128,196
Payments to suppliers and employees (inclusive of GST)		**(89,645)**	(88,529)
Disbursements recovered		**32,307**	35,136
Disbursements paid		**(36,468)**	(45,096)
Interest received		**525**	279
Finance costs		**(3,679)**	(5,023)
Income taxes paid		**(3,990)**	(976)
Net cash (outflow) / inflow from operating activities	1(b)	**(1,796)**	23,987
Cash flows from investing activities			
Payments for plant and equipment		**(1,012)**	(404)
Cash acquired on consolidation of business	11	**37**	-
Costs associated with disposal of business		**(38)**	-
Proceeds from sale of files		**1,186**	75
Loans to related parties	9	**196**	(284)
Deferred consideration received from sale of subsidiaries		**138**	-
Payment for intangible assets		**(581)**	(615)
Net cash outflow from investing activities		**(74)**	(1,228)
Cash flows from financing activities			
Payments for treasury shares		**(119)**	(433)
Payments for share buyback		**(438)**	-
Proceeds from borrowings	3, 5	**18,843**	11,165
Repayment of borrowings		**(3,307)**	(27,558)
Dividends paid to company's shareholders		**(6,929)**	-
Dividends paid to non-controlling interests in subsidiaries		**(30)**	-
Asset finance facility repayments		**(245)**	(230)
Principal elements of lease payments		**(4,436)**	(5,293)
Proceeds from disbursement funding		**13,789**	18,068
Repayments of disbursement funding	3, 5	**(33,872)**	(18,667)
Net cash outflow from financing activities		**(16,744)**	(22,948)
Net decrease in cash and cash equivalents		**(18,614)**	(189)
Cash and cash equivalents at the beginning of the half-year		**29,427**	21,088
Effects of exchange rate changes on cash and cash equivalents		**(1)**	-
Cash and cash equivalents at the end of the half-year		**10,812**	20,899

1. Segment and revenue information

(a) Description of segments

Shine is a diversified group which derives its revenues and profits from a variety of legal areas. The Group's Managing Director considers the business from a legal service perspective and has identified two reportable segments.

(i) Personal Injury (PI) segment

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

The Shine Lawyers personal injury business includes:

- Motor Vehicle Accidents
- Workers' Compensation
- Public Liability
- Abuse Law
- Head Trauma
- Medical Law (transferred from Class Actions segment on 1 July 2024)
- Disability Insurance & Superannuation (transferred from Class Actions segment on 1 July 2024); and
- Asbestos and Dust Disease (transferred from Class Actions segment on 1 July 2024).

In addition, other entities included within this segment are:

- SB Law Pty Ltd
- Sciacca's Lawyers Pty Ltd
- Bradley Bayly Holdings Pty Ltd, and
- Claims Consolidated Pty Ltd

Medical Law, Disability Insurance & Superannuation and Asbestos and Dust Disease is included in the personal injury segment effective from 1 July 2024. This change now aligns all the various work types of the Group with the defined reporting segments. As part of this change, directors and management have considered and assessed the recoverability of the restructured cash generating units, with the recoverable amounts exceeding the carrying value under the new structure. The Group has restated the previously reported comparative segment information as required by AASB 8.

(ii) Class Actions Segment (formerly NPA)

The Shine Lawyers class actions business comprises primarily class actions work, as well as other non-material work types including family law, federal compensation law and commercial disputes. These non-material work types are currently in run off.

In addition, other entities included within this segment are:

- Shine NZ Services Pty Ltd
- Carr & Co Divorce and Family Lawyers Pty Ltd
- Risk Worldwide New Zealand Limited
- My Insurance Claim Pty Ltd, and
- Shine Lawyers NZ Limited (from 7 November 2024)

Best Wilson Buckley Family Law Pty Ltd was disposed effective 30 June 2024 and is therefore disclosed as a Discontinued Operation in the 31 December 2023 comparatives.

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

1. Segment and revenue information (continued)

(iii) Other

This column includes corporate head office and Group services.

The Managing Director primarily uses a measure of:

- Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted 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.

(b) Segment information provided to the Managing Director

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 item is a result of an isolated, non-recurring event. Interest income and finance costs are not allocated to segments, as this type of activity is driven by the Group finance function, which manages the cash position of the Group.

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

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

		31 Dec 24	31 Dec 23
		$'000	$'000
(Loss) / Profit after income tax		**(1,740)**	302
Finance costs		**4,907**	5,108
Depreciation and amortisation		**8,042**	7,914
Income tax expense		**1,254**	301
Interest income		**(525)**	(279)
WIP write-off associated with Ethicon and Boston Scientific Mesh class actions		**-**	7,332
Fair value losses on deferred consideration	2(a)	**4,245**	610
Restructuring costs		**-**	943
Adjusted EBITDA		**16,183**	22,231

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

	31 Dec 24	31 Dec 23*
	$'000	$'000
Personal Injury	**13,838**	16,108
Class Actions	**2,286**	5,346
Other	**59**	777
Adjusted EBITDA	**16,183**	22,231

*Comparatives restated for discontinued operations

1. Segment and revenue information (continued)

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 inflow / (outflow) from operating activities as follows:

	31 Dec 24 $'000	31 Dec 23 $'000
Net cash inflow / (outflow) from operating activities	**(1,796)**	23,987
Net cash flows for disbursement funding	**(1,240)**	(599)
Finance costs paid	**3,679**	5,023
Income taxes paid	**3,990**	976
Interest received	**(525)**	(279)
GOCF	**4,108**	29,108

(Loss)/Profit for the half-year

(Loss)/Profit after income tax reconciles to Net cash inflow / (outflow) from operating activities as follows:

	31 Dec 24 $'000	31 Dec 23 $'000
(Loss) / Profit for the period	**(1,740)**	178
Adjustments for:		
Depreciation and amortisation	**8,042**	8,041
Net gain on sale of non-current assets	**-**	(607)
Interest on make good provision	**68**	89
Employee share scheme	**825**	843
Fair value adjustment to deferred consideration	**4,245**	610
Costs associated with disposal of business	**38**	-
Changes in operating assets and liabilities		
(Increase)/decrease in trade receivables	**4,238**	(392)
Decrease in other assets	**890**	2,247
Decrease/(increase) in work in progress	**(14,263)**	17,678
(Increase) in disbursements	**(3,368)**	(5,737)
Increase in trade creditors and accruals	**2,827**	2,143
(Increase) in income taxes receivable	**(965)**	(893)
Increase in deferred tax liabilities	**(1,771)**	171
(Decrease)/increase in provisions	**(862)**	(384)
Net cash inflow / (outflow) from operating activities	**(1,796)**	23,987

1. Segment and revenue information (continued)

The table below shows additional revenue information by segment provided to the Managing Director as well as balance sheet splits for the reportable segments for the half-year ended 31 December 2024 and also the basis on which revenue is recognised.

	Personal Injury		Class Actions		Unallocated items		Total	
	31 Dec 24	31 Dec 23 *	**31 Dec 24**	31 Dec 23 *	**31 Dec 24**	31 Dec 23 *	**31 Dec 24**	31 Dec 23 *
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Legal services								
• No-win-no-fee variable	**77,539**	81,714	**15,328**	5,603	**-**	-	**92,867**	87,317
• No-win-no-fee fixed fee	**4,411**	4,451	**-**	-	**-**	-	**4,411**	4,451
• Time and materials	**-**	-	**2,407**	5,032	**-**	-	**2,407**	5,032
Revenue from external customers	**81,950**	86,165	**17,735**	10,635	**-**	-	**99,685**	96,800
Interest income	**-**	-	**-**	-	**525**	279	**525**	279
Service management fee	**-**	-	**-**	-	**465**	778	**465**	778
Other revenue	**-**	-	**-**	-	**16**	438	**16**	438
Other income	**-**	-	**-**	-	**1,006**	1,495	**1,006**	1,495
Total segment revenue and other income	**81,950**	86,165	**17,735**	10,635	**1,006**	1,495	**100,691**	98,295
WIP write-off associated with mesh class actions	**-**	-	**-**	7,332	**-**	-	**-**	7,332
Total excluding mesh WIP write-off	**81,950**	86,165	**17,735**	17,967	**1,006**	1,495	**100,691**	105,627

	31 Dec 24	30 Jun 24	**31 Dec 24**	30 Jun 24	**31 Dec 24**	30 Jun 24	**31 Dec 24**	30 Jun 24
Balance sheet	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total segment assets	**468,449**	472,450	**103,315**	108,049	**7,628**	12,077	**579,392**	592,576
Total segment liabilities	**93,117**	93,218	**52,929**	52,858	**169,177**	173,872	**315,223**	319,948

* Comparatives restated for discontinued operations and segment update where applicable

1. Segment and revenue information (continued)

(c) Assets and liabilities related to contracts with customers

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

	31 Dec 24 $'000	30 Jun 24 $'000
Current contract assets relating to work in progress	**175,666**	189,120
Non-current contract assets relating to work in progress	**195,930**	167,252
Total contract assets	**371,596**	356,372

There are no liabilities relating to contracts with customers.

Significant accounting judgement

Estimating variable consideration

Under AASB 15 *Revenue from Contracts with Customers*, 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). Work in progress has been recognised net of a constraint of $102,693,000 (30 June 2024: $87,458,000).

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

Current and non-current contract assets relating to work in progress

In determining whether to classify work in progress as either current or non-current, the Group primarily makes reference to the average fees billed from work in progress in prior periods, along with estimated billing months for major matters such as class actions. This is used in conjunction with other qualitative factors (such as case success rates and whether settlement proceeds are currently held on trust), to determine if fees would be become due and receivable within the next 12 months. This is a change from prior periods.

2. Profit and loss information

(a) Other expenses

	31 Dec 24 $'000	31 Dec 23 $'000
Premises	**2,066**	2,203
Marketing	**5,398**	5,513
HR, training and recruitment	**1,334**	1,560
IT and computer	**4,916**	4,614
Printing, postage and stationery	**387**	525
Professional fees	**2,991**	2,603
Motor vehicle and travel	**720**	608
Net impairment losses on financial assets	**302**	690
Restructuring costs	**-**	943
Fair value losses on deferred consideration	**4,246**	610
Sundry	**57**	507
Total Other Expenses	**22,417**	20,376

2. Profit and loss information (continued)

Fair value losses on deferred consideration

During the period, a fair value loss on deferred consideration of $4,060,000 was taken against an entity placed into receivership by Shine Justice Ltd. The Fair Value Loss on Deferred Consideration is based on an assessment of timing of receipts, recovery rates and risk-adjusted discount rates which require the Group to make various estimates and judgements. As described in Note 10, the fair value of the deferred consideration is sensitive to changes in any of these estimates and judgements. During the period, a fair value loss on deferred consideration of $186,000 was taken on files sold in a prior period.

	31 Dec 24	31 Dec 23
	$'000	$'000
Interest and finance charges paid/payable for lease liabilities	**758**	1,170
Interest on other debt facilities	**2,171**	1,539
Other	**68**	87
Total lease and financing interest	**2,997**	2,796
Disbursement funding related interest		
Disbursement funding interest – deferred payment agreement not recovered	**1,910**	2,312
Disbursement funding interest – funding agreements with recovery rights	**4,130**	3,048*
Disbursement funding interest income – unbilled disbursements	**(4,130)**	(3,048)*
Total disbursement funding related interest	**1,910**	2,312
Total Finance Costs	**4,907**	5,108

* The comparative has been restated to correct an error in the prior year interim report.

(c) Income tax

The average tax rate for the year to 31 December 2024 is 258%, compared to 50% for the six months ended 31 December 2023. The current period's rate is higher than the company tax rate of 30% due to non-deductible expenses and non-deductible fair value losses on deferred consideration which are having a disproportionate impact due to the size of the loss or profit before tax, as outlined below. In a similar way, the prior period's rate was higher than the company tax rate of 30% due to non-deductible expenses and adjustments to prior year tax provisions.

	2024	2023
	$'000	$'000
Loss / Profit from continuing operations before income tax expense	**(486)**	603
Loss from discontinued operations before income tax expense	**-**	(172)
Profit before income tax	**(486)**	431
Tax at the Australian tax rate of 30% (2023: 30%)	**(146)**	129
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Amortisation of intangibles	**-**	1
Difference in tax rates	**2**	-
Fair value adjustment to deferred consideration	**1,218**	-
Non-allowable items	**117**	122
Adjustments for current tax of prior periods	**63**	49
Income tax expense	**1,254**	301

3. Disbursement funding

31 December 2024	Facility limit (Principal) $'000	Total facility balance $'000	Undrawn limit available $'000
Third Party Disbursement Funding Facility			
Deferred Payment Agreement			
Principal	**34,000**	**(16,459)**	**17,541**
Accrued interest		**(7,444)**	
Total Deferred Payment Agreement balances		**(23,903)**	
Credit contracts and Exclusive Service Provider Deed			
Principal		**(30,182)**	
Accrued interest and fees		**(6,101)**	
Total Credit contracts and ESPD balances		**(36,283)**	
Total Disbursement Funding		**(60,186)**	

30 June 2024	Facility limit (Principal) $'000	Total facility balance $'000	Undrawn limit available $'000
Third Party Disbursement Funding Facility			
Deferred Payment Agreement			
Principal	60,500	(30,345)	30,155
Interest		(15,379)	
Total Deferred Payment Agreement balances		(45,724)	
Credit contracts and Exclusive Service Provider Deed			
Principal		(27,689)	
Accrued interest and fees		(5,298)	
Total Credit contracts and ESPD balances		(32,987)	
Total Disbursement Funding		(78,711)	

During the period, the Group re-financed $18,843,000 owing under the Deferred Payment Agreement through Borrowings (refer Note 5) and the related facility limit of $26,500,000 was cancelled. This re-financing has been excluded from the calculation of GOCF.

4. Dividends

(a) Ordinary shares

	31 Dec 24 **$'000**	31 Dec 23 $'000
Dividends provided for or paid during the half-year	**6,959**	-

4. Dividends (continued)

(b) Dividends not recognised at the end of the half-year

	31 Dec 24 $'000	31 Dec 23 $'000
Since the end of the half-year, the Directors have recommended the payment of an interim dividend of 1.5 cents fully franked per fully paid ordinary share (31 December 2023: 1.50 cents unfranked). The aggregate amount of the proposed dividend expected to be paid on 22 April 2025 out of retained earnings at 31 December 2024, but not recognised as a liability at the end of the half-year, is:	**2,591**	2,599

5. Borrowings

Financial covenants

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

- The WIP Gearing Ratio does not exceed 30%
- The Total Gearing Ratio does not exceed 40% of the value of Net WIP & Unbilled disbursement assets, and
- The Debt to Group 12 Month EBITDA Ratio (adjusted for up to $10m in non-recurring abnormal and/or outside of the ordinary of business amounts) does not exceed 2.25:1.00.

The Group complied with the above covenants during and at the end of the reporting period.

Financing arrangements

During the period, the Group re-financed $18,843,000 owing under the Deferred Payment Agreement (refer Note 3) through Borrowings. The categorisation as a current liability has been retained for this transaction.

Subsequent to the end of the reporting period, the Group extended its debt facilities to lengthen the tenor of non-current debt to three years, as well as to increase the overall borrowing capacity to allow for better capital management.

The Group's borrowing facilities were as follows:

	31 Dec 24 $'000	30 Jun 24 $'000
Variable rate – bank loans		
Expiring within one year	**20,047**	992
Expiring beyond one year	**45,000**	45,000
Total variable rate – bank loans	**65,047**	45,992
Fixed rate – bank loans		
Expiring within one year	**5,057**	7,434
Total fixed rate – bank loans	**5,057**	7,434
Transformation project costs loans		
Expiring within one year	**1,858**	2,104
Total transformation project costs loans	**1,858**	2,104
Total Borrowings	**71,962**	55,530

5. Borrowings (continued)

	31 Dec 24	30 Jun 24
	$'000	$'000
Current	**26,692**	10,530
Non-current	**45,000**	45,000
Total Borrowings	**71,962**	55,530

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

Variable rate		
Expiring within one year (line of credit)	**4,715**	13,456
Expiring beyond one year (bank loans)	**15,795**	26,008
Total undrawn borrowing facilities	**20,510**	39,464

The line of credit may be drawn at any time and may be terminated by the bank without notice. The 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.

6. Equity securities

Ordinary shares at 31 December 2024 of 172,751,036 represents a reduction of 510,776 from the 30 June 2024 balance of 173,261,812 as a result of the Share Buyback scheme which commenced on 16 September 2024. Issued share capital at 31 December 2024 was $52,784,000 (30 June 2024: $53,223,000).

7. Contingencies

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 31 December 2024 was $420,000 (30 June 2024: $340,000).

8. Events occurring after the reporting period

Dividend recommendation

Refer to note 4 for the interim dividend recommended since the end of the reporting period.

Debt Facility Extension

Subsequent to the end of the reporting period, the Group extended its debt facilities to extend the tenor of non-current debt to three years, as well as to increase the overall borrowing capacity to allow for better capital management.

9. Related party transactions

Shine Lawyers NZ Limited (previously an affiliated company) became a Shine Group entity on 7 November 2024. Refer Note 11. There have been no other significant changes in existing related party arrangements. There were no new arrangements entered into during the half-year.

		Sales to related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts due to related parties $
Related parties of the Group:					
Entities significantly influenced up to:	**6 Nov 2024**	**465,191**	**465,068**	**-**	**-**
Entities controlled by related parties	**31 Dec 2024**	**-**	**-**	**-**	**3,150,187**
Entities controlled by related parties	31 Dec 2023	778,076	417,283		
Entities controlled by related parties	30 Jun 2024			7,194,586	3,423,834

Sales

Goods, rent and services fees totalling $465,191 (31 December 2023: $778,076) were charged to Shine Lawyers NZ Limited until 6 November 2024 when this affiliated company became a Shine Group entity. Simon Morrison and Stephen Roche are directors and substantial shareholders of Shine Lawyers NZ Limited.

Purchases

During the half-year, premises rent totalling $465,068 (31 December 2023: $417,283) was paid to companies of which Simon Morrison and Stephen Roche are directors and substantial shareholders.

Amounts owed by related parties

During the period to 6 November 2024, an additional loan of $64,916 was provided to Shine Lawyers NZ Limited, formerly an affiliated company of which Simon Morrison and Stephen Roche are directors and substantial shareholders. An amount of $492,570 was repaid during the period. The balance outstanding before Shine Lawyers NZ Limited was acquired was $6,942,768 which includes interest charged of $175,835.

Amounts due to related parties

During the half-year, liabilities associated with right to use assets provided by Simon Morrison, a director and a substantial shareholder and Stephen Roche, a substantial shareholder totalled $3,150,187 (30 June 2024: $3,423,834).

Other transactions

During the half-year, consultancy fees totalling $132,000 (including GST) were paid to Stephen Roche, a substantial shareholder (31 December 2023: $132,000).

During the half-year, no consultancy fees were paid to a company owned by Rod Douglas, a non-executive director (31 December 2023: $17,889).

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 interest rate on loans during the year was 7.5% (31 December 2023: 4.9%).

Outstanding balances are unsecured and are repayable in cash.

10. Fair value measurements of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table. The following table presents the Group's financial assets and liabilities measured and recognised at fair value at 31 December 2024 and 30 June 2024 on a recurring basis:

At 31 December 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial Assets at FVPL				
Deferred consideration	**-**	**-**	**7,414**	**7,414**
Unbilled disbursements	**-**	**-**	**98,831**	**98,831**
Total financial assets	**-**	**-**	**106,245**	**106,245**

At 30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial Assets at FVPL				
Deferred consideration	-	-	13,076	13,076
Unbilled disbursements	-	-	95,412	95,412
Total financial assets	-	-	108,488	108,488

There were no transfers into or out of Level 3 fair value measurements during the six months ended 31 December 2024.

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 31 December 2024.

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.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include discounted cash flow analysis.

10. Fair value measurements of financial instruments (continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the half-year ended 31 December 2024:

	Unbilled disbursements $'000	Deferred consideration $'000	Total $'000
Balance at 1 July 2024	95,412	13,076	108,488
Additions and settlements	**7,531**	**(1,417)**	**6,114**
Losses recognised in profit or loss	**(4,112)**	**(4,245)**	**(8,357)**
Balance at 31 December 2024	**98,831**	**7,414**	**106,245**

(i) Transfers between levels and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy in the six months to 31 December 2024. There were also no changes made to any of the valuation techniques applied as of 31 December 2024.

(ii) 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.

Description	Fair value at 31 December 2024 $'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Unbilled disbursements	98,831	Internal historical recovery rates Qualitative individual matters	If the recovery rate was 1% higher or (lower), the fair value would increase/(decrease) by $1,056,000/($1,056,000)
Deferred consideration	7,414	Internal historical recovery rates Qualitative individual matters	If the recovery rate was 1% higher or (lower), the fair value would increase/(decrease) by $65,000/($78,000)
		Internal historical collection periods Qualitative individual matters	If the collection period was 3 months shorter or (longer) the fair value would increase/(decrease) by $109,000/($110,000)
		Risk-adjusted discount rate	If the discount rate was 100bps (higher)/lower, the fair value would (decrease)/increase by $(109,000)/$108,000

Significant accounting judgement

Estimating deferred consideration

Under two previous sale agreements, original gross deferred sales proceeds were $19,346,000 and $1,650,000 respectively. However, accounting standards require that adjustments are made for timing of payments, recovery rates and risk-adjusted discount rates which require the Group to make various estimates and judgements. As noted above, the fair value of the deferred consideration is sensitive to changes in any of these estimates and judgements.

11. Business Combinations

Shine Lawyers NZ Limited

(a) Description

On 7 November 2024, the Group achieved accounting control of an affiliated entity, Shine Lawyers NZ Limited (SLNZL), an entity incorporated in New Zealand. This occurred through the application of AASB 10 *Consolidated Financial Statements*. The related party loan of $7,023,000 was settled on consolidation and the share capital of SLNZL continues to be held outside of the Group.

The results and balance sheet of the acquired entity are included in these consolidated financial statements.

SLNZL will form part of the ongoing strategy of focusing on Class Actions within the NPA segment of the Group. The acquisition has been accounted for using the acquisition method as described within AASB 3 *Business Combinations*.

(b) Details of the acquisition of the subsidiary

The provisional consolidated fair values of the identifiable assets and liabilities of SLNZL as at the date of acquisition were:

	8 November 2024 $'000
Trade receivables	**372**
Work in progress	**961**
Unbilled disbursements	**53**
Prepayments	**44**
Total assets	**1,430**
Trade creditors	**(580)**
Other payables	**(105)**
Borrowings	**(25)**
Provisions	**(40)**
Total liabilities	**(750)**
Total identifiable net assets at fair value	**680**
Non-cash settlement of the related party loan on consolidation	**(7,023)**
Goodwill arising on acquisition	**6,306**
Purchase consideration through cash within subsidiary	**(37)**
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	**37**
Cash paid	**-**
Net cash inflow	**37**

As no cash was paid through the gaining accounting control of SLNZL, the goodwill arises from the non-cash settlement of a pre-existing loan arrangement at acquisition date. The goodwill represents the recognition of the ongoing relationship between the Group and SLNZL, and the importance of the entity for the Class Actions strategy in New Zealand.

11. Business Combinations (continued)

The fair value of trade receivables is deemed to be their gross value less the provision for expected credit losses. The fair value of work in progress was based on time recorded on to matters.

From the date of acquisition on 7 November 2024, SLNZL has contributed $331,000 revenue and $156,000 net loss after tax to the Group's results in the statement of comprehensive income ended 31 December 2024. If the acquisition had taken place on 1 July 2024, SLNZL revenue would have contributed $955,000 to the Group. After deducting revenue the group received from SLNZL, Consolidated Group revenue would have been $100,673,000. The loss after tax for SLNZL would have been $582,000. After eliminating transactions between SLNZL and the Group, the Consolidated Group loss after tax would have been $2,157,000.

12. Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2024 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Shine Justice Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group adopted the amendments to AASB 101 during the half year which did not result in a material change in the classification of the Group's liabilities. In applying the amendments to loan arrangements and other liabilities with contingent settlement features that are not covenants, the Group has applied judgement and classified those liabilities as current.

Other than the above, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Directors Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 6 to 25 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 31 December 2024 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that Shine Justice Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Simon Morrison
Managing Director & CEO

Brisbane
28 February 2025

Independent auditor's review report to the members of Shine Justice Ltd

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Shine Justice Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Shine Justice Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Kim Challenor
Partner

Brisbane
28 February 2025