Shine Justice Ltd
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8 March 2023

Mr Michael West
Michael West Media

Dear Mr West,

We are aware of your articles published on 12 and 27 January 2023 and 23 February 2023, emanating from an investment report by a person who wished to remain anonymous.

We note you have relied on a report that contains factual errors, is misleading in nature and potentially damages the reputation of our business.

You have stated your commitment to uphold journalistic integrity in order to present objective and accurate reporting. We support this endeavour and confirm that you have offered our company the opportunity to have our response published on all sites where your articles were published. We accept that offer.

Investment Report

As you know, Shine was not provided a copy of the report by the anonymous author and can only respond to your articles.

For the benefit of any readers of your articles, the misrepresentations in your articles, and by inference in the investment report, need to be corrected.

Shine's Growth

Shine has been on a significant growth path since listing in 2013. Since 2016 (using the data in Table 1 of your article):

- Profit after tax has been cumulative $146m
- Net cash from operations has been cumulative $160m

Growth in the core personal injuries (PI) business and diversified (new) practice areas (NPA) from June 2014 to December 2022 is as follows:

- Shine is conducting approximately 180% more cases
- WIP value has grown circa 250%
- Future estimated fee on those cases has grown circa 275%

Specific Errors in your articles (using your headings)

- **Class actions suer gets class action sued**

  This is an historical issue resolved several years ago. The claim was opportunistic and without merit. At the time the Board elected a commercial settlement rather than a protracted defence at trial.

  Shine vigorously refuted and continues to refute any assertion that it has acted other than in accordance with accepted accounting processes, accounting standards, corporations, taxation and other laws in its accounting and disclosure practices, including for revenue recognition, cash flows and intangibles.

- **Earnings not matched by taxable profits and operating cash flow**

  The Shine tax calculation each year reflects accounting convention and Australian tax laws.

  Your implication that growth in WIP will result in a WIP write-off in the future is incorrect and misleading. WIP has been increasing since 2013 due to diversification and organic growth.

- **Poor quality of sales and net income**

  The business has changed since 2013, when it was primarily made up of the PI business. The business is now 50% PI and 50% NPA. PI cases generally resolve over 18 months. The average case resolution time period for NPA work types ranges from 2-6 years.

- **Dubious work in progress**

  Your assertion that WIP assets are 'bloated and increasingly include amounts that are stale' is false.

  Your comment that Shine is recognising less revenue per average dollar of WIP does not make sense. The two are not related. Shine's revenues have been increasing since 2013 due to diversification and organic growth.

  Your comment that 'the recoverability of non-current assets and WIP staleness presents more of an issue for Shine than when it listed' is false and uninformed.

  The assertion that the ratio of bad and doubtful debts expense to sales is incorrect. The percentage is reducing year on year even after allowing for low double-digit growth in revenue.

- **Shine's operating cash flow disclosures**

  You have made incorrect assertions in relation to the following matters:

  - Acquisition of files – Accounting standards in respect of these have been followed.
  - Intangible Assets – these are not 'internally generated goodwill' but are items like major IT implementation.
  - GOCF – the comment that GOCF was significantly overstated prior to 2020 is incorrect.
  - GOCF is not a GAAP measure and is not audited and that is clearly stated in Shine financials.

- **Questionable accounting for intangible assets**

  Shine rejects your assertions. Projects have been properly capitalised in accordance with accounting standards.

- **Irregular Revenue Recognition**

  Our recognition of revenue has always met all relevant requirements and regulations (including AASB 15).

We call on you to correct the statements you have made. We reserve our rights in respect of any failure on your part to correct the misleading statements you have made and in respect of any damage or loss caused by your assertions and the author of the investment report.

Yours faithfully,

Simon Morrison

Managing Director & CEO