

2023

CONCISE
FINANCIAL
REPORT



Bendigo
Telco



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CHAIRMAN AND MANAGING DIRECTOR'S REPORT

We are committed to ensure we are building long term sustainability, while meeting the high demand for digital services across the communities we are privileged to serve.

Dear Shareholders,

On behalf of the Board, the Executive, and the extended team at Bendigo Telco we thank you for your continued investment and support as we close out another financial year.

The Telecommunication services and solutions we have provided in the past may be changing, but our commitment to provide the essential products, advice and support to our Communities and Customers in this digital age remains. This has informed our Board's decision to apply our investment program towards the capacity changes likely to provide both the ongoing solutions for our Customers, while returning to more appropriate Shareholder returns in the future.

Two years ago, we embarked on redefining our strategy which was based on our original purpose of feeding into the success of our Communities and Customers. Our customer-focused strategy is what we believe provides your business with a strong purpose, to ensure it contributes to a successful outcome for all stakeholders, and a sustainable return for you, our shareholders.

Our corporate purpose is supported by our vision to be our customers preferred

technology partner. It is this vision that prompted us to invest in broadening our products and services beyond our traditional Network and Voice Products. Your Business now provides our customers with a full suite of products which now includes 'end user compute', hosted cloud services, line of business applications support, network services, hosted voice, mobility services, and field engineers, all of which are complimented with our managed services.

During the past 12 months we have continued to invest in a strengthened suite of products to ensure we remain relevant to the needs of our customers into the future in this ever-changing industry.

Our People

Whilst implementing our strategy, our first key focus area is our people. The evolution of your Business from a traditional network, 'connections business', to a complete technology partner requires a different style of workforce, which is all about 'quality service delivery'. The very thing that differentiates your business is 'how' we deliver, so we have been investing in our talent base to ensure we deliver

on the services required by our customers. A service-based business is reliant upon suitable technical staff to service and support our customers.

Like all industry's we too are being challenged with the recruitment of capable and suitable technical staff who are aligned to our purpose driven strategy. We believe by having regionally based local talent and technical skills continues to be a strategic advantage and adds value across the local economies we service. We anticipate that accessibility to talent will continue to be a challenge in the coming year, however we continue to work towards building our workforce of the future.

As part of our people strategy, we are committed to protect and grow our regional employment skill base to further increase our contribution into our local economies, and to be able to partner with our Customers in these exciting but challenging times. This is being achieved through partnerships with a number of education providers and technology partners to ensure our communities continue to have access to a strong skills base and retain and attract talent to our regions.

Growth Opportunities

During the financial year we acquired Boltons IT Services in Bendigo. This acquisition complimented the acquisition of MGR IT and Hi-Tech businesses in the prior financial year. These acquisitions supported our strategy to expand our service offering and helped accelerate our move into managed services. These acquisitions provided your business with additional skilled staff, increase in revenue, customer numbers and additional products and services. As a result of these acquisitions, we see there are opportunities to simplify and realise the benefits of integrating and building a stronger business into the future.

As our Customers continue to be challenged by the new digital business environment, we are confident we will be a valuable partner in successfully implementing up to date technologies capable of making this new environment an opportunity for all local businesses.

Our investment in people and product is positioning our business to meet the strong pipeline of opportunities supporting our growth and diversification plans.



\$28,058,440

+5.53%

Total Company Revenue



\$2,469,067

-13.77%

Earnings Before Interest, Taxes, Depreciation & Amortisation



\$63,466

-74.80%

Net Profit After Tax

CHAIRMAN AND MANAGING DIRECTOR'S REPORT



\$2,503,084

+6.54%

Cash Flow from
Operating Activities



0.8c

Earnings Per Share



1.5c

FY23 Dividend

Customer Delivery

Since executing our acquisition strategy throughout calendar year 2022 we have seen a significant increase in the demand for our new services. We continue to have a strong pipeline of new business, as well as expanding our products and services to our existing customers. Our focus is on achieving the appropriate balance of providing quality services to our existing customers whilst onboarding new customers.

Our Performance

The 2023 financial results reflect the change in our business as we continue to invest in our people, product, and processes to improve our prospects of remaining relevant in an ever-changing telecommunications market whilst continuing to deliver the service and support that our customers and communities deserve.

We recognise, the changed customer requirements, our investment program, and product changes have impacted on our profit performance over recent times. This has impacted on the recent dividends paid to you, our shareholders. However, your Board strongly believes

opportunities exist in our regional economies to provide both valuable services and support to customers and their broader communities, while moving towards an appropriate return on your shareholder funds. We thank you for your ongoing support, and in recent times your patience.

The Group is pleased to have been able to fund the two acquisitions during CY22 with cash reserves and was also able to refinance its existing debt facility resulting in a strengthened working capital balance of \$335k.

Total revenue for the year was \$28.06 million, up 5.5% on FY22 with a reported EBITDA of \$2.47 million, down 13.8% on FY22.

The final net profit after tax for the year was \$63k.

After careful consideration of the Groups financial performance, strategic goals and continued investment in transitioning to become our customers preferred technology partner, the directors resolved not to declare a final dividend.

Outlook

As we move into a new financial year our priorities are to ensure we maintain the focus and momentum on the new opportunities being presented in the market and across our local economies, as well as continuing to service our loyal existing customers.

When we launched our business, we were addressing a range of issues disadvantaging our regional economies, these being equal access and pricing of telecommunications services, to those offered in our capital cities. With the major changes in telecommunications and technology over the past two decades and the introduction of digital solutions across all businesses, our Business has needed to respond by increasing its investment in product, People, and new customer support initiatives. These initiatives are enabling us to offset the reduction of 'top line' revenues from older technologies and legacy products and services, with new revenue from services required by customers moving to address the digital age opportunities in their individual Businesses and the boarder regional economy.

We are investing in these activities as they are judged by your Board to provide an opportunity to produce shareholder value in the years to come.

Acknowledgments

As we continue to execute our strategy to position your business as a preferred technology partner, we acknowledge your support in doing so. We are committed to ensure we are building long term sustainability, while meeting the high demand for digital services across the communities we are privileged to serve.

As Chair and Managing Director we would like to extend a thank you to our fellow Board members for their ongoing support in providing prudent governance and advice.

In conclusion, to each of our valued staff members and the support they receive from their families and friends, your commitment, support, and dedication in delivering upon the success of our customers is greatly valued.



Rob Hunt
Chairman



Kevin Dole
Managing
Director

OUR COMPANY

Founded in 2000, Bendigo Telco was established by a group of large Bendigo businesses to address the market demand for telecommunications needs and address the market disparity on quality service and products for network connectivity and voice services.

Over twenty years later we are still committed to address the ever-growing demand for technology-based services to meet the needs of customers. Our service offerings have grown significantly, from being a telecommunications provider to be a partner for all technology needs.

Our vision is “to be a preferred technology partner” for all our customers.

At Bendigo Telco our primary purpose is to enable our customers and communities to achieve success through the services we deliver. We strive to understand our customers' needs and deliver the quality needed for sustained joint success.

We will provide a sustainable future for our Communities, Our Customers and our Business by enabling their success through the delivery of world-class technology services.

OUR PURPOSE

Customer and Community Success – Our commitment.

OUR VISION

To be your preferred technology partner.

TIMELINE

1999
The Beginning
 Bendigo Community Telco established by a consortium of local businesses.



2005
Stock Exchange Listing
 Bendigo Community Telco listed on the National Stock Exchange.

2009
Metro Area Network
 Completion of a fibre-ring operating in Bendigo.



2011
Private Cloud Enablement
 vSphere Cloud Infrastructure deployed at Bendigo Data Centre.

2014
First NBN Connection
 Bendigo Telco becomes one of the first RSPs to onboard NBN. Wheelers Hill Bendigo Bank branch brought online.



2021
100GIG Bendigo
 Previously only available in the world's biggest cities, businesses in Bendigo's city centre are invited to join the Bendigo and Adelaide Bank, City of Greater Bendigo, Bendigo Health and Coliban Water in accessing Bendigo Telco's 100 gigabit data link.

2023
2nd Acquisition
 Acquisition of Boltens Office Supplies managed IT services customer base. Consolidation of head office and continued expansion of service based business.



2003
Our First Data Centre
 Central Victoria's Innovation Park officially opens Bendigo Data Centre begins operating.

2006
Building Our Fibre Network
 Private fibre assets installed throughout Bendigo.



2011
First MPLS VPN
 Awarded the Bendigo Bank BEN3 network contract. The first MPLS VPN deployed.

2014
Expansion
 New offices open in Ballarat, Geelong and Tasmania.



2020
New Strategy
 "Next Generation Bendigo Telco" strategy launched focusing on a whole of business transformation and new operating model to position the business and our customers for success.

2022
Your Preferred Technology Partner
 Acquisition of MGR-IT and Hi-Tech businesses. Expansion of Services Teams, building on the strength of our existing "connections" businesses, as a single technology partner for our customers.



BUSINESS GROWTH

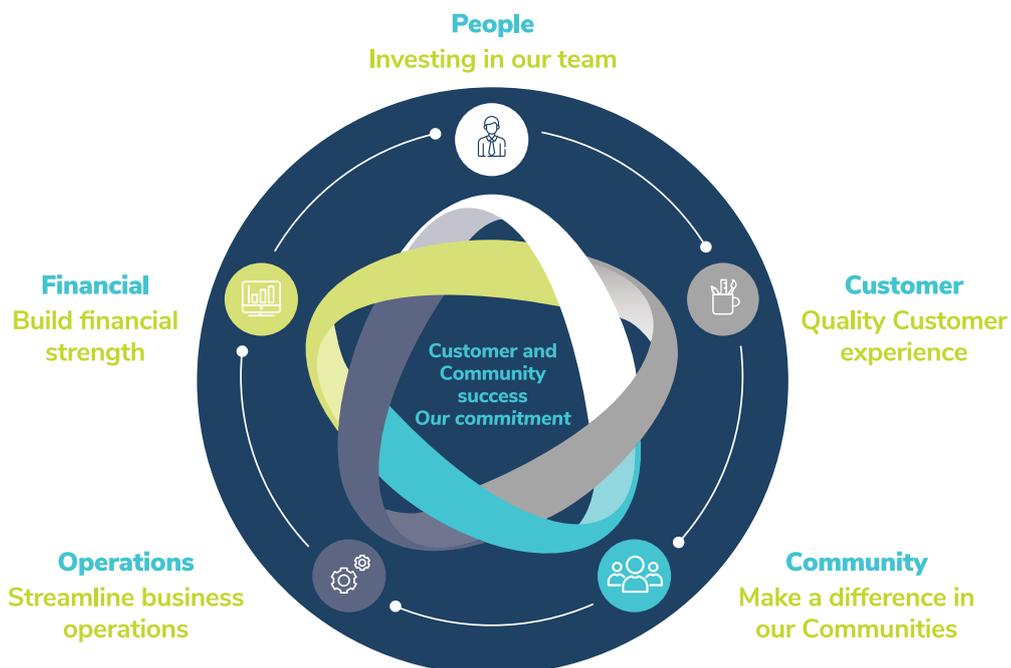
Two years ago, we initiated the process of redefining our strategy which was based on our original purpose of feeding into the success of our Customers and Communities. Our customer-led strategy is what we believe provides our Business with a strong purpose, to ensure it contributes to a successful outcome for all stakeholders, and a sustainable return for our shareholders.

We have continued to enhance our operating model, investments and priorities to ensure we are positioned to deal with the ever-changing needs of our customers. We continue to do this through a balanced approach to our key focus areas of People, Community, Customer, Operations and Finances.

We continue to look for opportunities to strengthen our business and invest in existing and new capabilities. This is reflected by the successful acquisition of managed customers from Boltons Office Supplies in September 2022 which complimented the previous acquisition of MGR Information Technology and Hi-tech businesses in May 2022.

These acquisitions combined with notable organic growth, has increased our managed IT service customer base significantly and provided a basis to continue to grow this area of our business into the immediate future.

As we move into a new financial year our priorities are to ensure we maintain the focus and momentum on the new opportunities being presented in the market and across our local economies, as well as continuing to service our loyal existing customers.



MANAGEMENT TEAM



Kevin Dole
Managing Director

Kevin joined Bendigo Telco as MD in July 2021 and is leading the business into a new era of influence. He has over 35 years' experience in technical and leadership roles in large organisations, with particular expertise in banking and finance.



Steven Wright
Chief Financial Officer

Steve joined Bendigo Telco in April 2009 and was promoted to CFO in 2016. He has over 25 years' experience in public and commercial finance roles.



Kristen Swann
Head of People and Culture

Kristen joined Bendigo Telco in January 2021 with over 16 years' experience in senior People and Culture roles in large organisations. She has broad experience in developing and implementing best practice people strategies that align to business objectives.



Ben Doubleday
Head of Product and Engineering

Ben joined Bendigo Telco in May 2022. He is a technology professional with 15 years leadership experience and an extensive understanding of trends driving the future of modern workplace, infrastructure and cloud platforms.



James Clow
Head of Customer Experience

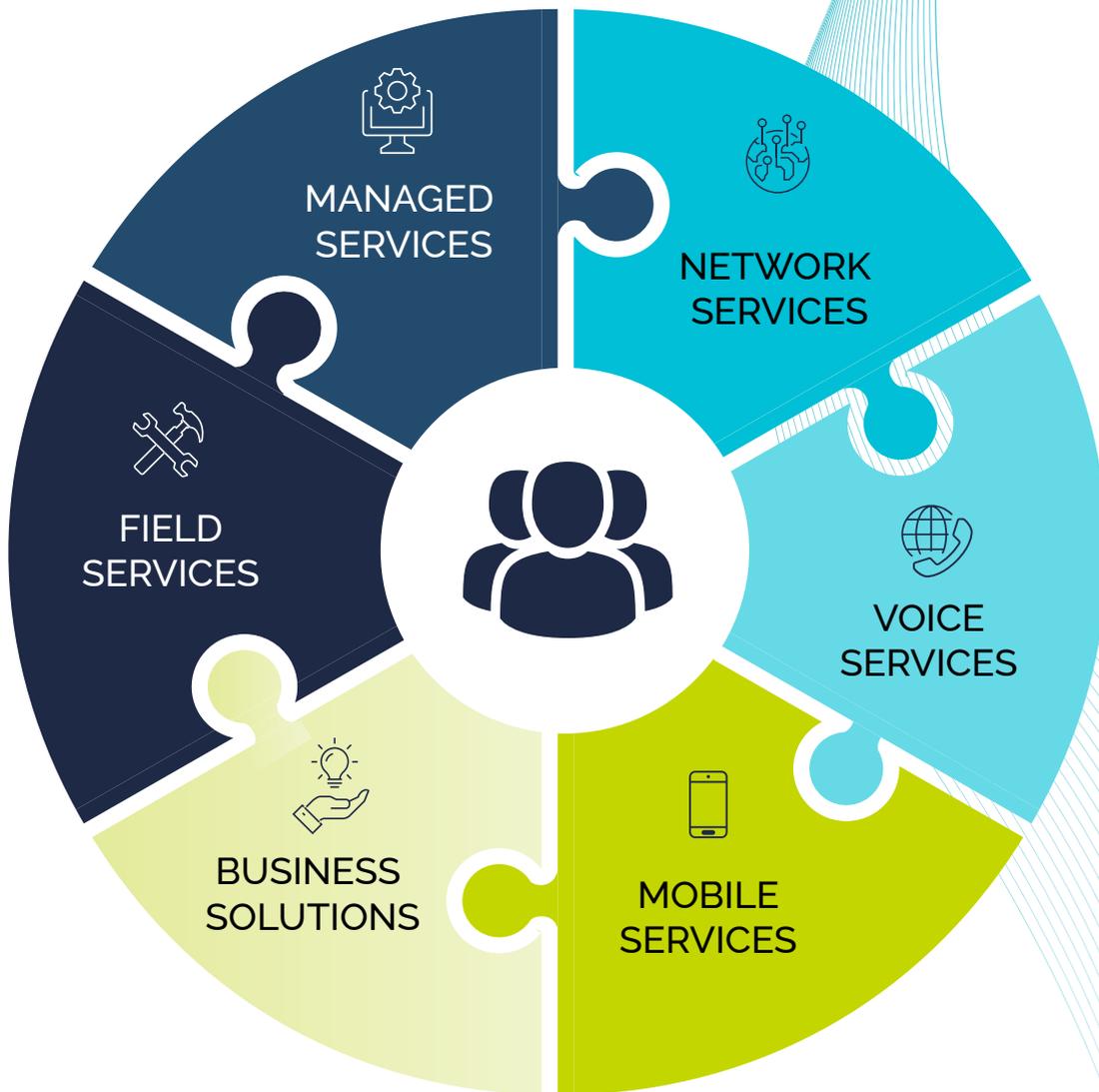
James joined Bendigo Telco in December 2021. He has strong leadership experience in both customer and technology roles and specialises in optimising shared IT environments.



Tony Old
Head of Business Solutions

Tony joined Bendigo Telco in September 2021. He has held several senior technical roles with large organisations as well as being a Project Manager for over 20 years leading many successful projects and programs.

PRODUCTS AND SERVICES

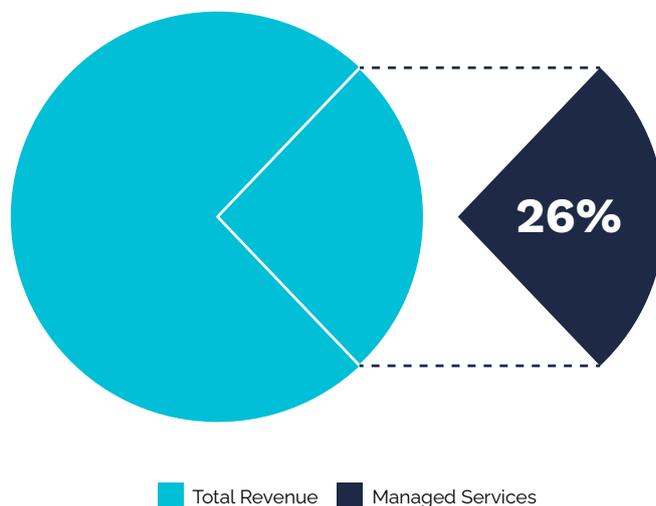


MANAGED SERVICES

Bendigo Telco delivers comprehensive managed services to streamline IT operations and enhance business efficiency. We now offer fully managed IT services, cloud solutions, cybersecurity, security and network operation services.

Bendigo Telco achieved significant growth in FY23 through both organic growth and the acquisitions of the managed customer base of MGR Information Technology in May 2022 and Boltens Office Supplies in September 2022.

Managed Services Revenue Contribution



Products:

Managed IT Services

OneCloud

Backup as a Service

Virtual Servers

Partners:

Microsoft

Rhipe

Cisco



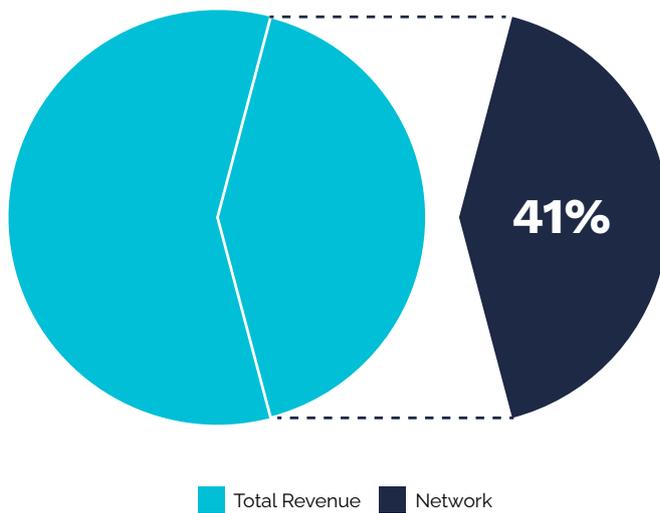
NETWORK SERVICES

Bendigo Telco offers a comprehensive range of network services tailored to meet diverse connectivity needs.

Our offerings include high-speed internet access through various technologies like NBN, fibre, and wireless solutions, ensuring reliable and fast internet connectivity for residential, business and enterprise customers. We also provide managed WAN (Wide Area Network) services, allowing businesses to connect multiple locations securely and efficiently.

With a commitment to customer satisfaction and technical expertise, Bendigo Telco delivers secure, reliable and scalable network solutions for our customers.

Network Services Revenue Contribution



Products:

NBN

Premium Internet

Managed Network

Managed Firewall

Partners:

NBN Co

Superloop

AAPT/ TPG

Telstra

Vocus

TasNetworks



VOICE SERVICES

Bendigo Telco offers an array of voice services designed to meet diverse communication needs. We continue to offer SIP, inbound, Hosted PBX, Teams calling, Hosted contact centre as well as support traditional on-premises phone systems .

Over the past year we have experienced a strong interest in the adoption of Teams calling as it integrates well with our managed service offering. Additionally, as the product is capable of scaling for any size organisation, we can provide solutions to businesses that are operating a contact or call centre.

We continue to have a focus and emphasis on customer support and tailoring solutions to ensure seamless and efficient voice communication options that meet and exceed our customers' requirements.

Products:

Inbound

Business SIP

Private SIP

Hosted Voice

Teams Calling

Hosted Contact Centre

Partners:

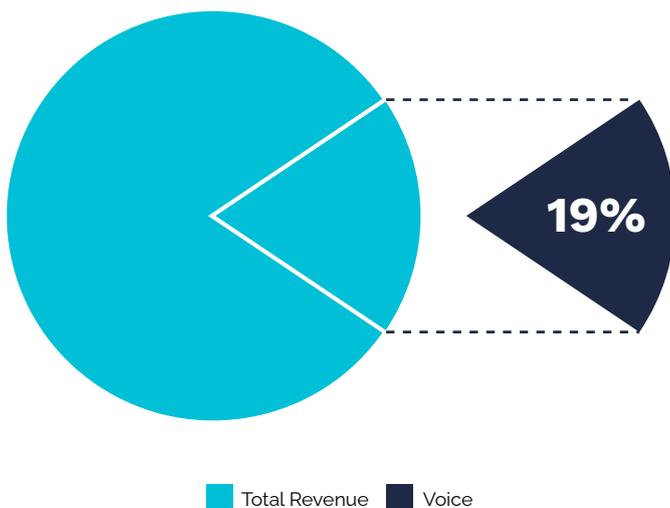
AAPT

Telstra

Amcom

Amazon Web Services

Voice Services Revenue Contribution



MOBILE SERVICES

Bendigo Telco provides a comprehensive range of mobile services to cater to diverse communication needs.

We continue to offer mobile and mobile broadband plans for individuals and business through our wholesale provider, Optus and offer the administration and management of customers devices through mobile device management and enterprise mobility management services.

Products:

Mobile Plans

Mobile Device Management

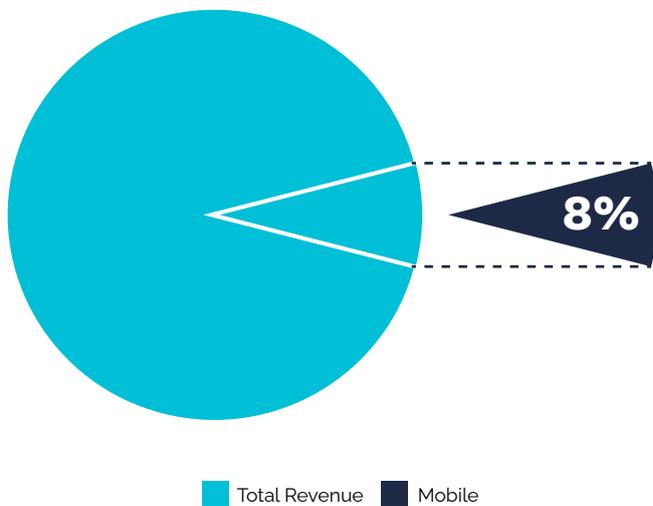
Enterprise Mobility Management

Mobile Broadband

Partners:

Optus

Mobile Services Revenue Contribution



BUSINESS SOLUTIONS



Bendigo Telco has built a Business Solutions function designed to help support the delivery of our customers business needs and strategies and includes project management and delivery, business consulting and line of business application support.

Products:

- ---

Project Management
- ---

Project Delivery
- ---

Business Consulting
- ---

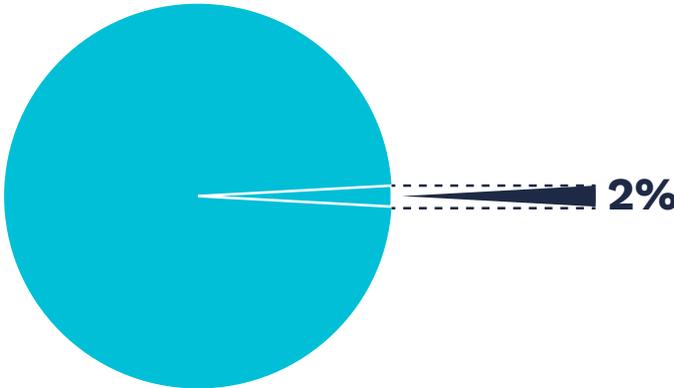
Line of Business Application Support

Partners:

- ---

ServiceNow

Business Solutions Revenue Contribution



■ Total Revenue ■ Business Solutions



FIELD SERVICES

Bendigo Telco offers a comprehensive range of Field Services aimed at ensuring the seamless operation of telecommunications infrastructure. These services encompass site surveys, installation, maintenance, and repairs for network equipment and connectivity solutions.

Our expert technicians and engineers are equipped to handle diverse on-site requirements, from deploying new equipment to troubleshooting and resolving issues promptly. Bendigo Telco's Field Services are essential for maintaining the reliability and performance of telecommunication networks, making them a trusted partner for businesses reliant on uninterrupted connectivity. Our commitment to efficiency and excellence ensures that clients can depend on their Field Services for optimal network operations.

Products:

System Installation & Programming

Cable and Fibre Installation

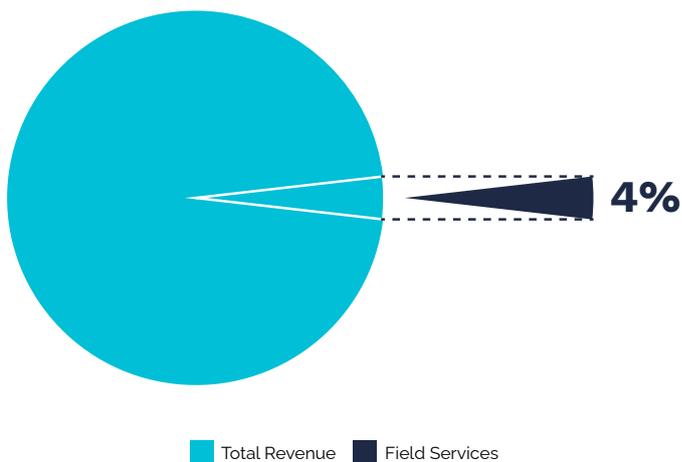
Fibre Splicing

Network Diagnostics

Partners:

National Network of Field Agents

Field Services Revenue Contribution



COMMUNITY SUPPORT

Bendigo Telco is committed to the success of the communities that we are privileged to serve.

We proudly partner with several volunteer-run Community Enterprise groups around Australia. Through these partnerships, Bendigo Telco shares a portion of the profits from customer's telco services with the Community Enterprise of their choice, enabling the Enterprise to build fantastic community assets like sporting fields, bike trails, playgrounds, and so much more.

In addition to Community Enterprises we also offer support to organisations and businesses that have their own foundations. In a similar way to our Enterprise model, Bendigo Telco offer a suite of products to foundations and their members and offers a portion of the profits back to the foundation to support their needs.

Since committing to these funding arrangements in 2005, Bendigo Telco has reinvested more than \$865k back into local communities.



In addition to supporting the Community Enterprise groups, Bendigo Telco chooses to support a number of community initiatives directly through grants and sponsorship and is a member of a several important community focused organisations including Be.Bendigo, Active Geelong, Committee for Geelong and the Committee for Ballarat.

**More than
\$865k
reinvested
back into
our local
communities
over the past
18 years.**

FINANCIAL REPORT



Bendigo Telco Limited and Controlled Entities
ABN 88 089 782 203
Concise Financial Report for the Year Ended 30 June 2023

OPERATING AND FINANCIAL REVIEW

PRINCIPAL ACTIVITIES

The principal activities of Bendigo Telco Limited (the Group) during the course of the financial year were telecommunications services.

OPERATING RESULTS AND REVIEW OF OPERATIONS

Operational Review

The Bendigo Telco Group has continued to navigate through a dynamic and challenging telecommunications market as well as investing in broadening our products and services in support of our strategy to achieve a strong EBITDA of \$2,469,067 and an after-tax profit of \$63,466 for the financial year ended 30 June 2023.

The Group's revenue and margins from traditional voice and data products continued to decline as projected and were in line with the broader trends seen in the telecommunications industry, we have refused to compete on price to achieve revenue growth and will focus on the provision of quality products, service and advice to our customer base. Revenue and margin from data centre and metropolitan area network, infrastructure built when no such access was available for key clients in our local regional market, also decreased during the year. However, the decline in these areas was balanced by modest and prudent growth in mobile, SIP and cloud revenues, as well as significant expansion in Managed IT Service revenue. Consequently, the total revenues rose by 5.53% from the prior year.

The Group remained focused on delivering its strategy and corporate purpose over the past 12 months. The Group's vision to be 'our customers preferred technology partner' is supported by our investment in broadening our product and service suite to now include 'end user compute', hosted cloud services, line of business applications support, network services, hosted voice, mobility, and field engineers, all of which are complimented with our managed services.

Additionally, we have continued to invest in adapting our service model and strengthening our existing product suite to ensure that we remain competitive and relevant to the ever-changing needs of the customers and communities we have the privilege to serve.

The Group places a strong emphasis on the efficient and effective delivery of its products and services. A continued focus on maturing the Group's 'way of working' is at the forefront, ensuring that it has the right capabilities, capacity, systems and processes in place to support quality service delivery.

As with many peers, the Group has been challenged with the attraction and retention of capable staff who are aligned to our purpose driven strategy, particularly in the technical space and anticipate that we will continue to be challenged with access to talent the coming year.

Business Asset Acquisition

On 1 September 2022, the Group completed its acquisition of the Managed Service customers from Boltens Office Supplies Pty Ltd. The directors of the Group concluded the acquisition of these businesses gave rise to an asset acquisition as opposed to a business combination. Refer to Note 2 for details of the key judgements applied by directors. The Group agreed to a purchase price of \$250,000.

Refinance of Business Loan

The Group successfully renegotiated its \$1.5m business loan facility with Bendigo & Adelaide Bank. The new loan agreement was executed on the 30 June 2023, with the settlement promptly completed on 4 July 2023. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term.

Bendigo Telco Limited and Controlled Entities
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Property Leases

During the financial year, the Group reviewed its property lease arrangements and subsequently made the decision to not negotiate a new lease for its office space at Peel Street, Ballarat.

The Peel Street premise was vacated and make-good completed prior to 30 June 2023. As this lease did not contain any further terms, the group was not required to perform any remeasurements of its right of use assets/lease liabilities.

The Group also formally surrendered its existing lease for Innovation Court, Kennington, and entered into a new lease agreement securing an extended access to the property. The new 5-year lease commenced on 1 September 2022 and has an additional 5-year option.

Cyber Security Risks

The Group acknowledges the critical importance of cyber security in safeguarding our and our customers operations, assets, and sensitive data. The Group has robust information systems, networks and processes in place to identify, evaluate and mitigate any potential threats and vulnerabilities.

The Group employs a multi-layered cybersecurity strategy that includes firewalls, intrusion detection systems, data encryption, access controls, and employee training programs aimed at protecting our systems and data from unauthorized access, breaches, and other cyber threats.

In the event of a cybersecurity incident, we have a well-defined incident response plan in place. This plan outlines procedures for reporting, investigating, and mitigating security breaches, as well as communicating with stakeholders and regulatory authorities when necessary.

A successful cyberattack could potentially result in operation disruption, financial loss, and reputational damage however despite these risks, we are dedicated to managing cybersecurity effectively and have insurance coverage in place to mitigate certain financial impacts in the event of a significant breach.

Financial and Operating Results

Total Group revenue increased by 5.53% from the prior year delivering a total turnover of \$28,058,440 (FY22: \$26,589,243).

The NPAT result for the year, on a reported basis, was a profit of \$63,466 (FY22: \$251,815).

Summary financial results	FY23 \$'000	FY22 \$'000	Change (%)
Revenue	28,058	26,589	5.52%
Gross margin	15,075	14,032	7.43%
EBITDA	2,469	2,863	(13.76%)
Net profit/(loss) after tax	63	252	(75.00%)
Earnings per share (cents)	0.82	3.25	

The net assets of the Group decreased by \$208,057 from the prior year to \$7,288,877 (FY22: \$7,496,934). The Group was able to maintain a creditable equity ratio of 54.34% (FY22: 51.66%) and recorded working capital of \$334,971 with current assets of \$3,975,703 exceeding current liabilities of \$3,640,732.

Bendigo Telco Limited and Controlled Entities
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Concise Financial Report for the Year Ended 30 June 2023

The improved working capital was resultant on the successful renegotiation of the \$1.5m business loan with Bendigo & Adelaide Bank. The Group previously classified its borrowings payable as a current liability on the statement of the financial position, due to the loan term terminating in August 2023. However, with the formalisation of the new loan agreement, the Group has recorded the loan payable between its current and non-current portion appropriately, removing any previous working capital deficiency pressures.

After careful consideration of the Groups financial performance, strategic goals and continued investment in transitioning to become our customers preferred technology partner, the directors resolved that the Group would not declare a final dividend for this financial year.

Year Ahead

FY24 will continue to present the Group with a combination of challenges and opportunities. The Group's revenues and margins from traditional voice and data as well as data center and metropolitan area network will continue to reduce however the Group will continue to maintain focus and momentum on new opportunities that are being generated in the market to balance this loss whilst maintaining support and service to our loyal customers and communities.

As we continue to execute our strategy and position the Group as a preferred technology partner, we remain committed to ensuring that we build long term sustainability whilst meeting the high demand for digital services across the communities that we serve.

The board maintains its confidence in the Group's strategic priorities and objectives. The continued investment in people, products, and processes, while actively seeking opportunities for both organic and inorganic growth, will bolster the Group's potential for sustained success, shareholder value and strategic value for all stakeholders.

SIGNIFICANT CHANGES IN THE 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 under review not otherwise disclosed in this report or the financial report.

EVENTS AFTER THE REPORTING PERIOD

Since the end of the financial year the Board of Directors resolved to not declare a final dividend.

The Group has successfully renegotiated its \$1.5m business loan facility with Bendigo & Adelaide Bank. Signing a new loan agreement on the 30 June 2023, with the settlement promptly executed on July 4. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term.

The Group previously classified its borrowings payable as a current liability on the statement of the financial position, due to the loan term terminating in August 2023. However with the formalisation of the new loan agreement, the Group has recorded the loan payable between its current and non-current portion appropriately. Removing any previously working capital deficiency pressures.

Since the end of the financial year, the Group has been notified that a customer with a material debtor balance has entered voluntary administration. Due to the uncertainty over the ability to recover the balance, the Group has increased the provision for impairment to reflect the increased risk.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Disclosure of information relating to major developments in the operations of the Group and the expected results of those operations in future financial years, which, in the opinion of the directors, will not unreasonably prejudice the interests of the Group, is contained in the Report by the Chairman and Managing Director on page 4.

ENVIRONMENTAL ISSUES

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Bendigo Telco Limited and Controlled Entities
ABN 88 089 782 203
Concise Financial Report for the Year Ended 30 June 2023

SECURITIES REGISTER

The securities register is managed by AFS & Associates on behalf of Bendigo Telco Limited and Controlled Entities. You can contact the registry by:

Mail:	Bendigo Telco Share Register C/- AFS & Associates PO Box 454 Bendigo Victoria 3552	Telephone:	(03) 5443 0344
		Email:	shares@bendigotelco.com.au

The information contained in this report is correct and current at 30 June 2023.

CORPORATE GOVERNANCE STATEMENT

Bendigo Telco Limited is committed to high standards of Corporate Governance. This commitment applies to the conduct of its business dealings with its customers and its dealings with its shareholders, employees, suppliers and the Community.

The Board of Bendigo Telco Limited have adopted the following principles of Corporate Governance. The policies may be viewed on the group website www.bendigotelco.com.au.

1. A Board Charter which outlines the responsibilities of the Board by formalising and disclosing functions reserved to the Board and those delegated to management.
2. An Audit and Risk Committee Charter and the appointment of the Audit and Risk Committee as a sub-committee of the Board. The members of the Audit and Risk Committee were Directors Rob Hunt, Rod Payne, Kevin Dole, Don Erskine and Greg Gillett.
3. A Share Trading policy which outlines directors and employees obligations in trading in its securities. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the Group's security price.
4. A Remuneration policy which sets out the terms and conditions for the Managing Director and other senior managers. The members of the Remuneration Committee were Directors Rob Hunt and Don Erskine.
5. A Continuous Disclosure policy which complies with the obligations imposed by National Stock Exchange (NSX) Listing Rules and the *Corporations Act 2001*. This policy requires immediate notification to the NSX of any information concerning the group, of which it is aware or becomes aware, which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the group shares.

BOARD COMPOSITION

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report are detailed in the director's report.

Bendigo Telco Limited and Controlled Entities
 ABN 88 089 782 203
 Concise Financial Report for the Year Ended 30 June 2023

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred herein as the Group) consisting of Bendigo Telco Limited and its controlled entities for the financial year ended 30 June 2023. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2023 and is to be read in conjunction with the following information:

GENERAL INFORMATION

DIRECTORS

The following persons were directors of the Group during or since the end of the financial year up to the date of this report:

Mr R Hunt (Chairman)	Mr K Dole
Mr D Erskine	Mr G Gillett
Mr J Selkirk	Ms N Rooke
Mr R Payne	Mr S Griffin (Appointed 19th October 2022)

Particulars of each director's experience and qualifications are set out later in this report.

DIVIDENDS PAID OR RECOMMENDED

Ordinary Dividends Paid (Fully Franked):

	Cents	\$
Final – September 2022	2.00	155,156
Interim – March 2023	1.50	116,367
	3.50	271,523

Ordinary Dividends Declared (Fully Franked):

Final - September 2023	0.00	-
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INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has indemnified all directors, officers and managers in respect of liabilities to other persons (other than the Group or related body corporate) that may arise from their position as directors, officers or managers of the Group except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Group has not provided any insurance for an auditor of the Group or a related body corporate.

PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

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NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Group are important. Details of the amounts paid or payable to the Auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the following services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to the commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with the APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or are payable to Andrew Frewin Stewart for non-audit services provided during the year ended 30 June 2023:

	\$
Taxation services	995
Share registry services	13,650
	<u>14,645</u>

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 as required under section 307C of the *Corporations Act 2001*, has been received and can be found following the financial report.

OPTIONS

The Group has not issued any share options.

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INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report are detailed below.

Robert Hunt – AM, FAICD - Chairman

Occupation	Director / Investor
Qualifications	Fellow of the Australian Institute of Company Directors, 2003 Doctor of the University (honoris causa), LaTrobe University, 1999
Experience	Mr Hunt retired as Managing Director of Bendigo and Adelaide Bank on 3 July 2009 after 21 years as Chief Executive Officer. Mr Hunt is the architect of the Community Bank [®] model, and has been instrumental in the development of a range of Community Enterprise and Engagement models, now utilised by communities across Australia to provide key infrastructure and essential services through local commercial structures. These Enterprises provide communities with a framework, the cashflow, capacity and flexibility to address new economic opportunities.
Interest in shares	Indirect – Hunters Ridge Pty Ltd (Hunt Family Trust) 55,000 Shares Indirect – Hunters Ridge Pty Ltd (Rob & Annette Hunt Superannuation Fund) 458,758 Shares
Special Responsibilities	Chair of Remuneration Committee and Member of Audit and Risk Committee.
Other Directorships & Appointments	Director, Apollo Bay Central District Community Bank since 2011; Director, BEUT Property Pty Ltd
Honours and Awards	Order of Australia Award /Member (AM) General Division, 2002; Paul Harris Fellowship Award, Rotary Club of Bendigo Sandhurst, 2000; Citizen of the Year Award, City of Greater Bendigo 1999; Key to the City Award, City of Greater Bendigo 2009.

Donald Erskine – Director

Occupation	Managing Director – Industrial Conveying (Aust.) Pty Ltd
Experience	Don is trained as a mechanical engineer. He is Managing Director of Industrial Conveying (Aust.) Pty Limited which was formed by Don in 1979 and DJE Investments Pty Ltd. His previous appointments include non-executive Director of Bendigo Bank and a member of the Bank's Credit, IT Strategy and Property Committees, Director of North West Country Credit Union Co-op Ltd, Director of Coliban Water, Director of Community Telco Australia, Director of Bendigo Economic Development Committee, Chairman of Australian Technical College and Director of Bendigo Regional Institute of TAFE. Don is actively involved in the Bendigo Community.
Interest in Shares	Direct - 0 Shares Indirect – Erskine Investments Pty Ltd 939,326 Shares
Special Responsibilities	Member of Remuneration Committee and Member of the Audit and Risk Committee.
Other Directorships	Nil

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Kevin Dole – Managing Director

Occupation	Managing Director
Qualifications	Associate Diploma in Information Processing (Latrobe)
Experience	<p>Kevin was appointed as Managing Director in July 2021. Prior to this appointment he provided consultancy for 12 months in a full time capacity and has been on the Board of Directors since September 2016.</p> <p>His career spans over 36 years in the technology industry with specific experience in delivering solutions and services in the banking and finance sector. Throughout his career he has held several senior technical and leadership roles. He has considerable experience in Strategic development, large program delivery, due diligence for mergers and acquisitions and delivery of organisation change programs.</p> <p>Kevin is focused on continuing to ensure long term shareholder value and delivering value for all stakeholders through sustainable partnerships.</p>
Interest in shares	Nil
Special Responsibilities	Member of Audit and Risk Committee
Other Directorships	<p>Director - Bendigo Stadium Limited</p> <p>Additional responsibilities: Audit, Risk and Finance sub-committee</p> <p>Director - St Arnaud Sporting Club</p>

Rodney Payne – Director

Occupation	Principal Harwood Andrews Lawyers
Qualifications	Bachelor of Law (Melbourne University)
Experience	<p>Rod has been a lawyer in commercial practice for 35 years and has been a partner at Harwood Andrews since 2000.</p> <p>Rod was a director of Geelong Community Telco Pty Ltd and Vicwest Community Telco prior to the amalgamation of Vicwest with Bendigo Telco Ltd.</p> <p>In his legal practice Rod has undertaken a broad range of commercial work and in his role in Karingal and Karingal St Laurence has been involved in major developments and mergers.</p>
Interest in shares	Indirect - Linrod Holdings Pty Ltd atf the Payne Investment Trust A/C 22,489 shares
Special Responsibilities	Member of Audit and Risk Committee
Other Directorships	Director - The Legal Lantern Group

Jonathan (Jock) Selkirk – Director

Occupation	Chief Financial Officer, Country Club Living Pty Ltd.
Qualifications	Bach. Business, Chartered Accountant, Graduate Australian Institute of Company Directors.
Experience	<p>Jock has held executive roles across several industries including financial services, manufacturing, building and property development. Jock started his career in chartered accounting, then moved into banking & financial services in both Melbourne & London and was CFO at a Ballarat manufacturing and distribution business for 11 years prior to his current role. He has experience in driving business growth, governance, risk management, and people and culture development. He has also held several director roles in both the private and public sector.</p> <p>Jock is also actively involved in other community programs.</p>
Interest in shares	Nil
Special Responsibilities	Nil
Other Directorships	Board member Ballarat and Clarendon College, Ballarat.

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Gregory Gillett – Director

Occupation	Retired
Qualifications	Senior Fellow of the Financial Services Institute of Australia.
Experience	<p>Greg is a retired Bank Executive with 37 years of experience in the banking industry (20 years at NAB and 17 years at Bendigo Bank).</p> <p>The last 10 years of his working life being in Executive roles at the Bendigo Bank. Greg has held Executive roles covering Retail Banking, Marketing, Human Resources, Strategic Planning and Community Development.</p> <p>Greg has been a company Director of both private and publicly listed companies.</p>
Interest in shares Special	Direct - 24,108 shares
Responsibilities	Chairman of Audit and Risk Committee
Other Directorships	Nil

Nicole Rooke – Director

Occupation	Head of Planning and Execution, Bendigo and Adelaide Bank Ltd
Qualifications	CPA, B Commerce
Experience	<p>Nicole has 15+ years' experience in Financial Services and is currently Head of Planning and Execution for Bendigo and Adelaide Bank.</p> <p>Prior to working for the bank, Nicole was based in London and held financial and management accounting roles for Sempra Energy and Intelligent Engineering. Prior to this, Nicole worked as a public accountant and tax specialist for Pitcher Partners and was based in Melbourne.</p> <p>Nicole's prior Directorship was with VRCLP from 2016 to 2018, a not-for-profit organisation focused on effective leadership for a vibrant and sustainable regional Victoria.</p>
Interest in shares Special	Nil
Responsibilities	Nil
Other Directorships	Nil

Stephen Griffin – Director

Occupation	Director, Kelly Partners (Bendigo) Pty Ltd
Qualifications	<p>Chartered Accountant</p> <p>Certified Practising Accountant</p> <p>Member AICD, ATMA</p>
Experience	<p>Steve over his 40 plus year career has worked in Industry, Public Accounting and Business Consulting and as Managing Partner of a large, diversified consultancy firm, MGR Advisory Group, which included MGR Accountants, 360 Private Wealth & MGR Information Technology.</p> <p>Steve is committed to best practice accounting and advising, outstanding team culture and leadership in technology advancement taking his business into the top 50 consulting firms in Australia.</p> <p>Steve has acted as advisor, business consultant to businesses in various industries helping them establish and achieve their strategic goals. He is committed to his family and along with his wife Kerrie has helped raise four wonderful children. He has a high level of commitment to community and has volunteered his services to many not for profit community organisations in the areas of youth, regional development, recycling, women's support and promotion, disability services and accommodation support.</p> <p>His focus is on helping Bendigo Telco through its structural transition as outlined in its strategic plan.</p>
Interest in shares Special	Nil
Responsibilities	Nil
Other Directorships	Various Pty Ltd Companies.

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COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

Mr Ken Belfrage FCA, GAICD, Dip. Bus.

Mr Belfrage is an experienced Company Director and Company Secretary who has extensive business, finance and general management skills including 34 years as a practicing public accountant.

MEETINGS OF DIRECTORS

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors	Directors' Meetings		Audit & Risk Committee		Remuneration Committee	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Robert Hunt	11	11	3	3	1	1
Donald Erskine	11	9	3	3	1	1
Kevin Dole	11	11	3	3	-	-
Jonathan Selkirk	11	10	-	-	-	-
Rodney Payne	11	9	3	3	-	-
Gregory Gillett	11	9	3	2	-	-
Nicole Rooke	11	10	-	-	-	-
Stephen Griffin	7	7	-	-	-	-

DIRECTORS BENEFITS AND INTEREST IN CONTRACTS

No director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the group with the director, a firm of which the director is a member or an entity in which the director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the group's accounts, prepared in accordance with the Corporate Regulations, or the fixed salary of full-time employees of the group, controlled entity or related body corporate other than interests and benefits disclosed at Note 31 to the Full Financial Statements.

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REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by Section 308 (3c) of the *Corporations Act 2001*.

This report details the nature and amount of remuneration for each key management person of the Group, and for the executives receiving the highest remuneration.

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

Principles used to determine the nature and amount of remuneration

The remuneration policy of the Group has been designed to KMP objectives with shareholder and business objectives by providing a fixed remuneration component and incentives based on key performance areas affecting the Group's financial results. The Board of the Group believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the group is as follows:

- The remuneration policy, setting the terms and conditions for the KMP, was developed by the Remuneration Committee and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and performance incentives.
- The Remuneration Committee reviews key management personnel packages annually. This review is subject to the remuneration policy set by the Board.
- The Remuneration Committee, at their discretion, can refer their business to the full Board for consideration.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

KMP receive, at minimum a superannuation guarantee contribution required by the government, which is currently 10.5% before 1 July 2023 and 11% after 1 July 2023 of the individuals average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the Group and expensed. KMP are also entitled and encouraged to participate in the employee share plan to align directors' interests with shareholder interests. Shares given to KMP are expensed at the market price as listed on the National Stock Exchange at the date of granting of any shares under the employee share plan.

Performance-based remuneration

As part of each of the KMP's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with KMP to ensure buy-in.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved.

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Directors

From the inception of the Group, all non-executive directors who have served have done so free of charge. It was put to the Annual General Meeting in October 2007, and approved, that a payment of \$15,000 per director be made for each full year of service from 1 July 2007 onwards.

Key Management Personnel

(i) Non-Executive Directors

Robert Hunt	Chairman	
Donald Erskine	Director	
Jonathan Selkirk	Director	
Rodney Payne	Director	
Gregory Gillett	Director	
Nicole Rooke	Director	
Stephen Griffin	Director	(Appointed 19th October 2022)

(ii) Executive Director

Kevin Dole	Managing Director
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(iii) Other KMP

Steven Wright	Chief Financial Officer
Margaret O'Rourke	Head of Customer and Community Engagement

Group performance, shareholder wealth and director and executive remuneration

The following table shows the gross revenue, profits and dividends for the last five years for the Group, as well as the share price at the end of the respective financial years.

Analysis of the actual figures show consistent underlying profits from 2019 to 2021. The 2019 reported profits were impacted due to the non-cash impairment of goodwill and other intangibles. In 2022, net profits declined as a result of the ongoing decrease in legacy voice and data products, coupled with investments in expanding and integrating the Group's service-based business. 2023 net profits were impacted following a decrease in data centre services and the delay in realising synergies and efficiencies from the business assets acquired during the 2022 calendar year. Dividends paid to shareholders remain strong with an average dividend yield over the past five years of 8.33% fully franked.

	2019	2020	2021	2022	2023
Revenue	\$36.6M	\$33.4M	\$29.7M	\$26.6M	\$28.1M
EBITDA	\$1.28M	\$4.65M	\$4.19M	\$2.86M	\$2.47M
Net profit/(loss)	(\$1.33M)	\$1.06M	\$1.04M	\$0.25M	\$0.10M
Share price at year end	\$1.40	\$1.15	\$1.25	\$0.95	\$0.50
Dividends paid	12.0 cents	12.0 cents	15.5 cents	9.5 cents	3.5 cents
Basic EPS	(17.16) cents	13.73 cents	13.36 cents	3.25 cents	0.82 cents

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Details of remuneration for year ended 30 June 2023

		Short term benefits		Post employment benefits	Share-based payment	Termination Benefits	Total	Proportion of remuneration based performance
		Salaries & Fees	Non-Cash Benefits	Superannuation	Shares			
		\$	\$	\$	\$	\$	\$	%
Non-Executive Directors								
Robert Hunt	2023	13,575	-	1,425	-	-	15,000	-
	2022	13,636	-	1,364	-	-	15,000	-
Donald Erskine	2023	13,575	-	1,425	-	-	15,000	-
	2022	3,295	-	11,705	-	-	15,000	-
Jonathon Selkirk	2023	13,575	-	1,425	-	-	15,000	-
	2022	13,636	-	1,364	-	-	15,000	-
Rodney Payne	2023	15,000	-	-	-	-	15,000	-
	2022	15,000	-	-	-	-	15,000	-
Gregory Gillett	2023	13,575	-	1,425	-	-	15,000	-
	2022	13,636	-	1,364	-	-	15,000	-
Nicole Rooke	2023	13,575	-	1,425	-	-	15,000	-
	2022	13,636	-	1,364	-	-	15,000	-
Stephen Griffin	2023	11,250	-	-	-	-	11,250	-
	2022	-	-	-	-	-	-	-
Executive Director								
Kevin Dole	2023	268,832	-	26,652	-	-	295,484	12
	2022	256,327	-	25,898	-	-	282,225	11
Other KMP								
Steven Wright	2023	217,852	-	21,299	-	-	239,151	10
	2022	209,451	-	19,492	-	-	228,943	10
Margaret O'Rourke	2023	153,714	-	14,940	-	-	168,654	-
	2022	155,936	-	12,359	-	-	168,295	-
	2023	734,523	-	70,016	-	-	804,539	
	2022	694,553	-	74,910	-	-	769,463	

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This marks the end of the audited remuneration report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors on 30th August 2023, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



Robert Hunt

Chairman



Donald Erskine

Director



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

Lead auditor's independence declaration under *section 307C of the Corporations Act 2001* to the Directors of Bendigo Telco Ltd

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

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 30th day of August 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor



Bendigo Telco Limited and Controlled Entities
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 Concise Financial Report for the Year Ended 30 June 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$	2022 \$
Revenue	2(a)	28,058,440	26,589,243
Cost of products sold		(12,983,328)	(12,557,638)
Other income	2(b)	11,326	134,740
Finance income	2(c)	1,397	309
Salaries and employee benefit costs		(9,016,305)	(7,792,589)
Occupancy and associated costs		(243,157)	(308,202)
General administration costs		(1,697,971)	(1,508,821)
Depreciation and amortisation costs		(2,179,222)	(2,337,545)
Advertising and promotion costs		(126,777)	(159,507)
Systems costs		(1,471,078)	(1,483,495)
Borrowing costs		<u>(138,849)</u>	<u>(178,360)</u>
Profit before income tax		214,476	398,135
Income tax expense		<u>(151,010)</u>	<u>(146,320)</u>
Net profit for the year		63,466	251,815
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u><u>63,466</u></u>	<u><u>251,815</u></u>
Total comprehensive income attributable to members of Bendigo Telco Limited		<u><u>63,466</u></u>	<u><u>251,815</u></u>
Earnings per share			
Basic earnings per share (cents)		0.82	3.25
Diluted earnings per share (cents)		0.82	3.25

The accompanying notes form part of these financial statements

Bendigo Telco Limited and Controlled Entities
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 Concise Financial Report for the Year Ended 30 June 2023

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2023**

	2023	2022
	\$	\$
Current Assets		
Cash and cash equivalents	1,149,176	862,127
Trade and other receivables	1,707,913	1,590,208
Prepayments	849,189	1,157,223
Inventories	156,810	150,708
Current tax assets	112,615	309,712
Total Current Assets	3,975,703	4,069,978
Non Current Assets		
Prepayments	14,333	46,404
Property, plant and equipment	944,495	1,260,114
Right-of-use assets	1,805,845	2,189,309
Intangible assets	6,071,518	6,331,437
Deferred tax asset	601,509	614,807
Total Non Current Assets	9,437,700	10,442,071
TOTAL ASSETS	13,413,403	14,512,049
Current Liabilities		
Trade and other payables	1,644,744	1,738,804
Borrowings	386,912	398,206
Lease Liabilities	572,955	980,963
Employee Entitlements	1,034,795	1,090,411
Provisions	1,326	303,733
Total Current Liabilities	3,640,732	4,512,117
Non Current Liabilities		
Borrowings	1,179,942	1,565,982
Lease Liabilities	1,208,770	839,046
Employee Entitlements	79,669	80,938
Provisions	15,413	17,032
Total Non Current Liabilities	2,483,794	2,502,998
TOTAL LIABILITIES	6,124,526	7,015,115
NET ASSETS	7,288,877	7,496,934
EQUITY		
Issued capital	7,032,430	7,032,430
Retained earnings	256,447	464,504
TOTAL EQUITY	7,288,877	7,496,934

The accompanying notes form part of these financial statements

Bendigo Telco Limited and Controlled Entities
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 Concise Financial Report for the Year Ended 30 June 2023

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Ordinary Share Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2021		7,032,430	949,679	7,982,109
Comprehensive Income				
Profit for the year		-	251,815	251,815
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	251,815	251,815
Transaction with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year	3	-	(736,990)	(736,990)
Total transactions with owners and other transfers		-	(736,990)	(736,990)
Balance at 30 June 2022		7,032,430	464,504	7,496,934
Balance at 1 July 2022		7,032,430	464,504	7,496,934
Comprehensive Income				
Profit for the year		-	63,466	63,466
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	63,466	63,466
Transaction with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year	3	-	(271,523)	(271,523)
Total transactions with owners and other transfers		-	(271,523)	(271,523)
Balance at 30 June 2023		7,032,430	256,447	7,288,877

The accompanying notes form part of these financial statements

Bendigo Telco Limited and Controlled Entities
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 Concise Financial Report for the Year Ended 30 June 2023

**CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	31,144,845	29,014,549
Payments to suppliers and employees	(28,541,361)	(25,979,469)
Lease payments not included in lease liabilities	(91,969)	(58,303)
Interest paid on lease liabilities	(42,515)	(71,675)
Interest paid on borrowings	(26,698)	(53,062)
Income tax paid / (credit)	59,385	(502,871)
Interest received	1,397	309
Net cash provided by operating activities	2,503,084	2,349,478
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(558,389)	(1,644,264)
Purchase of property, plant and equipment	(154,989)	(501,755)
Proceeds from sale of property, plant and equipment	28,950	36,108
Net cash used in investing activities	(684,428)	(2,109,911)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(862,750)	(1,343,555)
Repayment of bank loans	(397,334)	(395,713)
Dividends paid	(271,523)	(736,990)
Net cash used in financing activities	(1,531,607)	(2,476,258)
Net increase/(decrease) in cash held	287,049	(2,236,691)
Cash and cash equivalents at beginning of financial year	862,127	3,098,818
Cash and cash equivalents at end of the financial year	1,149,176	862,127

The accompanying notes form part of these financial statements

Bendigo Telco Limited and Controlled Entities
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 Concise Financial Report for the Year Ended 30 June 2023

NOTES TO THE FINANCIAL REPORT

1. BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report is an extract for the full financial report for the year ended 30 June 2023. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: *Concise Financial Reports*, and the *Corporations Act 2001*.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of the Group. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investment activities of the Group as the full financial report. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The presentation currency used in this concise financial report is Australian dollars.

2. REVENUE AND OTHER INCOME

	2023	2022
	\$	\$
(a) Revenue:		
Revenue from contracts with customers	28,058,440	26,589,243
	28,058,440	26,589,243
(b) Other income:		
Profit on sale of assets	11,326	-
Gain on remeasurement of right-of-use asset, lease liability and make good	-	134,740
	11,326	134,740
(c) Finance income:		
Interest received	1,397	309
	1,397	309
	28,071,163	26,724,292

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3. DIVIDENDS PAID AND PROPOSED

	2023	2022
Distributions paid:	\$	\$
2022 Final fully franked ordinary dividend of 2.0 (2021: 7.5) cents per share franked at the rate of 25.0% (2021: 26.0%)	155,156	581,834
2023 Interim fully franked ordinary dividend of 1.5 (2022: 2.0) cents per share franked at the rate of 25.0% (2022: 25.0%)	116,367	155,156
	271,523	736,990
 Total dividends (cents) per share for the period	 3.50	 9.50
a. Proposed Final 2023 fully franked ordinary dividend of 0.0 (2022: 2.0) cents per share franked at the rate of 25.0% (2022: 25.0%)	-	155,156
 After the reporting date, the above dividend was declared. The amount has not been recognised as a liability as at 30 June 2023 but will be brought to account in the 2024 financial year.		
b. Balance of franking account at year-end adjusted for franking credits arising from:		
- dividends recognised as receivables and franking debits arising from payment of proposed dividends	1,466,571	1,679,391
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:	-	(51,719)

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4. CONTROLLED ENTITIES AND ASSET ACQUISITIONS

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the parent entity. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiaries principal place of business is also its country of incorporation.

Name of Subsidiaries	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2023	2022	2023	2022
		%	%	%	%
BCT Shepparton Pty Ltd	Shepparton, Australia	100	100	-	-
Vicwest Community Telco Ltd	Geelong & Ballarat, Australia	100	100	-	-

Subsidiaries financial statements used in preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

b. Significant Restrictions

There are no restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

c. Asset Acquisitions

On 1 September 2022, the Group completed its contract with Boltens Office Supplies Pty Ltd to acquire their Managed (MSP) and IT Consulting clients.

The directors concluded this transaction gave rise to an asset acquisition as opposed to a business combination.

The fair values of assets and liabilities acquired by the Group, and details of the consideration paid for such assets and liabilities are disclosed below.

<i>Financial position</i>	\$
ASSETS	
Property, plant and equipment	10,000
Total assets	<u>10,000</u>
LIABILITIES	
Employee entitlements	22,302
Prepaid income	9,248
Total liabilities	<u>31,550</u>
Net assets acquired	(21,550)
Less consideration paid	208,244
Less legal costs	3,596
Intangible assets acquired	<u><u>233,390</u></u>

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5. OPERATING SEGMENTS

The Group has adopted AASB 8: Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach'; that is, segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the board that makes strategic decisions).

Bendigo Telco Limited reports and delivers services under three dedicated teams, Voice Services, Network Services and IT Services. These teams are responsible for the efficient end to end delivery of their product suites.

Major customers

During the year ended 30 June 2023 approximately 34.0% (2022: 36.0%) of Bendigo Telco's external revenue was derived from sales to one customer (2022: one customer).

Revenue by division and product set for the period ending 30 June 2023

	Voice Services \$	Network Services \$	IT Services \$	Total \$
Revenue from sales of services recognised over time				
Fixed Voice Services	1,473,682	-	-	1,473,682
SIP, VOIP, NBN Voice Services	3,834,679	-	-	3,834,679
VPN Products	-	8,363,177	-	8,363,177
Mobile Phone Services	2,196,782	-	-	2,196,782
E-Solutions Products	-	-	107,429	107,429
DSL Internet Services	-	82,740	-	82,740
NBN Internet Services	-	3,282,744	-	3,282,744
IT Services	-	-	2,602,445	2,602,445
Data Centre and MAN	-	-	2,200,373	2,200,373
Cloud Infrastructure Services	-	-	1,586,104	1,586,104
	<u>7,505,143</u>	<u>11,728,661</u>	<u>6,496,351</u>	<u>25,730,155</u>
Revenue from sale of goods recognised at point in time				
Mobile Phone Services	50,336	-	-	50,336
NBN Internet Services	-	2,037	-	2,037
Managed IT Services Equipment	-	-	393,914	393,914
Managed IT Services Onboarding	-	-	164,818	164,818
Hardware and Installations	-	-	1,717,180	1,717,180
	<u>50,336</u>	<u>2,037</u>	<u>2,275,912</u>	<u>2,328,285</u>
Other Income				
Profit on sale of assets	3,775	3,775	3,776	11,326
	<u>3,775</u>	<u>3,775</u>	<u>3,776</u>	<u>11,326</u>
Finance Income				
Interest received	466	466	465	1,397
	<u>466</u>	<u>466</u>	<u>465</u>	<u>1,397</u>
Total revenue from contracts with customers	<u>7,559,720</u>	<u>11,734,939</u>	<u>8,776,504</u>	<u>28,071,163</u>
Interest expense				(75,369)
Depreciation and amortisation				(2,179,222)
Other expenses				(25,602,096)
Profit before income tax expense				<u>214,476</u>

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Revenue by division and product set for the period ending 30 June 2022

	Voice Services \$	Network Services \$	IT Services \$	Total \$
Revenue from sales of services recognised over time				
Fixed Voice Services	2,041,977	-	-	2,041,977
SIP, VOIP, NBN Voice Services	3,527,095	-	-	3,527,095
VPN Products	-	9,221,375	-	9,221,375
Mobile Phone Services	2,157,843	-	-	2,157,843
E-Solutions Products	-	-	180,523	180,523
DSL Internet Services	-	108,691	-	108,691
NBN Internet Services	-	3,342,104	-	3,342,104
IT Services	-	-	837,122	837,122
Data Centre and MAN	-	-	2,684,200	2,684,200
Cloud Infrastructure Services	-	-	1,341,898	1,341,898
	<u>7,726,915</u>	<u>12,672,170</u>	<u>5,043,743</u>	<u>25,442,828</u>
Revenue from sale of goods recognised at point in time				
Mobile Phone Services	49,855	-	-	49,855
NBN Internet Services	-	15,134	-	15,134
Hardware and Installations	-	-	1,081,426	1,081,426
	<u>49,855</u>	<u>15,134</u>	<u>1,081,426</u>	<u>1,146,415</u>
Other Income				
Gain on remeasurement of right-of-use asset	44,913	44,913	44,914	134,740
	<u>44,913</u>	<u>44,913</u>	<u>44,914</u>	<u>134,740</u>
Finance Income				
Interest received	103	103	103	309
	<u>103</u>	<u>103</u>	<u>103</u>	<u>309</u>
Total revenue from contracts with customers	<u>7,821,786</u>	<u>12,732,320</u>	<u>6,170,186</u>	<u>26,724,292</u>
Interest expense				(127,741)
Depreciation and amortisation				(2,337,545)
Other expenses				(23,860,871)
Profit before income tax expense				<u>398,135</u>

Assets & Liabilities

No information is disclosed for segment assets and liabilities as no measure of segment assets and liabilities is regularly provided to the chief operating decision maker.

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6. EVENTS AFTER THE REPORTING PERIOD

Since the end of the financial year the Board of Directors resolved to not declare a final dividend.

The Group has successfully renegotiated its \$1.5m business loan facility with Bendigo & Adelaide Bank. Signing a new loan agreement on the 30 June 2023, with the settlement promptly executed on July 4. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term.

The Group previously classified its borrowings payable as a current liability on the statement of the financial position, due to the loan term terminating in August 2023. However with the formalisation of the new loan agreement, the Group has recorded the loan payable between its current and non-current portion appropriately. Removing any previously working capital deficiency pressures.

Since the end of the financial year, the Group has been notified that a customer with a material debtor balance has entered voluntary administration. Due to the uncertainty over the ability to recover the balance, the Group has increased the provision for impairment to reflect the increased risk.

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bendigo Telco Limited (the Group), the directors of the Group declare that the concise financial report of Bendigo Telco Limited and Controlled Entities for the financial year ended 30 June 2023:

- a. Complies with Accounting Standard AASB 1039: *Concise Financial Reports* ; and
- b. Is an extract from the full financial report for the year ended 30 June 2023 and has been derived from and is consistent with the full financial report of Bendigo Telco Limited.

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

On behalf of the directors



Robert Hunt

Chairman



Donald Erskine

Director

Signed on 30 August 2023

Bendigo Telco Limited and Controlled Entities
 ABN 88 089 782 203
 Concise Financial Report for the Year Ended 30 June 2023



Andrew Frewin Stewart
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 (03) 5443 0344

Independent auditor's report to the members of Bendigo Telco Limited

Report on the concise financial report

Our opinion

We have audited the concise financial report of Bendigo Telco Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and related notes, derived from the audited financial report of the Group for the year ended 30 June 2023.

In our opinion, the accompanying concise financial report of the Group, complies with AASB 1039: *Concise Financial Reports*.

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* 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 and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Concise financial report

The concise financial report does not contain all the disclosures required by Australian Accounting Standards in the preparation of the audited financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The concise financial report and the financial report do not reflect the effects of events that occurred subsequent to the date of our report on the financial report.

The financial report and our report thereon

We expressed an unmodified audit opinion on the financial report in our report dated 30 August 2023. That report also includes the communication of 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 of the current period.





Andrew Frewin Stewart
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Directors' responsibility for the concise financial report

The directors are responsible for the preparation of the concise financial report in accordance with AASB 1039: *Concise Financial Reports* and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's responsibility for the audit of the concise financial report

Our responsibility is to express an opinion on whether the concise financial report, complies in all material respects, with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810: *Engagements to Report on Summary Financial Statements*.

Report on the Remuneration Report

The following paragraphs are copies from our Report on the Remuneration Report of the Group for the year ended 30 June 2023:

We have audited the Remuneration Report included in pages 11 to 13 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 30th day of August 2023

Joshua Griffin
Lead Auditor



Bendigo Telco Limited and Controlled Entities
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SHAREHOLDER INFORMATION

The shareholder information set out below was current as at 20 July 2022.

Distribution of Shareholders

Category	Number of Holders
1 - 1,000	134
1,001 - 5,000	237
5,001 - 10,000	65
10,001 - 100,000	62
100,001 and over	6
	504
	504

The number of shareholdings held in less than marketable parcels is 38.

Top 10 Shareholders

Name of Shareholder	Number of Shares	% of Total Shares
Bendigo and Adelaide Bank	2,386,747	30.8%
Erskine Investments Pty Ltd	939,326	12.1%
Hunters Ridge Pty Ltd	513,758	6.6%
Ron Poyser Administrators Pty Ltd	438,400	5.7%
National Nominees Limited	160,000	2.1%
P.J. & D.A. Eddy Pty Ltd	120,000	1.6%
MGR Property Pty Ltd	90,000	1.2%
Latrobe University	84,000	1.1%
Community Telco Syndicate	78,000	1.0%
Indicrock Superannuation Pty Ltd	70,058	0.9%
Total shares held by top 10 holders	4,880,289	62.91%
	4,880,289	62.91%





**Bendigo
Telco**

2023 CONCISE FINANCIAL REPORT

Bendigo Telco Limited

ABN 88 089 782 203

Registered Office

5 Innovation Court,
Kennington VIC 3550

Customer Experience Centre

Shop 34 Fountain Court,
Bendigo VIC 3550

Office Locations

33 Piper Road,
East Bendigo VIC 3550

15 Yarra Street,
Geelong VIC 3220

Level 9, 39 Murray Street,
Hobart TAS 7000

Shop 25, Bath Lane,
Bendigo Vic 3550

Shareholder Enquiries

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