BENDIGO TELCO LIMITED

A.B.N. 88 089 782 203

2026 FINANCIAL REPORT

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

Throughout the financial year ended 30 June 2026, the Bendigo Telco Group remained focused on its purpose of delivering reliable telecommunications services while creating sustainable value for customers, shareholders, employees and the communities it serves. The year was characterised by continued investment in strategic capabilities, network infrastructure and customer solutions to support the long-term growth and resilience of the business.

Despite ongoing economic uncertainty, cost inflation and heightened competition across the telecommunications sector, the Group delivered a solid financial performance recording a profit after tax totalling $1,054,271 (2025: loss of $152,949) and had a working capital surplus totalling $974,292 (2025: deficit of $901,525). This result reflects the strength of the Group's customer relationships, disciplined operational and financial management, and the dedication and expertise of its employees. These foundations position the Group well to pursue future growth opportunities while continuing to deliver value to stakeholders.

A key focus during FY26 was enhancing customer experience and service capability across business telecommunications, managed technology services and connectivity solutions. Continued improvements in service delivery, responsiveness and reliability supported customer retention, new business growth and strengthened the Group's position as a trusted technology partner.

The Group also progressed a range of strategic initiatives, including investment in systems, processes and partnerships to improve scalability, operational efficiency and market competitiveness. Growth and innovation opportunities continued to be pursued with a disciplined focus on commercial outcomes and customer value.

Our strategic focus remains on strengthening the Group's position as a preferred technology partner within our target markets. Through the expansion of our service offerings, ongoing improvements in operational efficiency, and a commitment to delivering an enhanced customer experience, the Group continues to create value for customers, shareholders and the communities it serves.

The Board remains confident that continued investment in strategic initiatives, product development and service innovation will support the Group's transition to a more sustainable and diversified revenue base over the longer term.

Financial and Operating Results

Total Group revenue decreased by 4.71% from the prior year delivering a total turnover of $22,345,456 (FY25: $23,448,705).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") for the period was $1,955,504, representing a 307.50% increase compared to the prior year (FY25: $479,928).

The NPAT result for the year, on a reported basis, was a profit of $1,054,271 (FY25: Loss of $152,949).

Summary financial results	FY26 $'000	FY25 $'000	Change (%)
Revenue	22,345	23,449	-4.71%
Gross margin	11,184	11,229	-0.40%
EBITDA	1,956	480	+307.50%
Net profit/(loss) after tax	1,054	(153)	+788.89%
Underlying net profit/(loss) after tax*	1,054	(42)	+2509.52%
Earnings per share (cents)	13.50	(1.97)	

* Underlying net profit/(loss) after tax represents results excluding non-cash impairments to goodwill and other intangibles and restructuring costs

The net assets of the Group increased by $1,054,271 from the prior year to $2,350,116 (FY25: $1,295,845).

The Group generated strong cash flows from operating activities which increased 205.92% from the prior year to $1,929,443 (FY25: $630,702).

The Group recorded a working capital surplus of $974,292 with current assets of $3,866,081 exceeding current liabilities of $2,891,789.

After evaluating the Group's financial performance, strategic objectives, and ongoing investment in its transition to becoming our customers' preferred technology partner, the directors decided not to declare a final dividend for this financial year.

Cybersecurity Risk Management

The Group recognises the importance of effective cybersecurity management in protecting its operations, information assets, and customer data. The Group maintains information technology systems and controls designed to identify, assess, and manage cybersecurity risks and emerging threats.

The Group's cybersecurity framework incorporates a range of preventive and detective measures, including network security controls, access management protocols, data encryption, ongoing system monitoring, and regular employee training and awareness programmes. These measures are designed to reduce the risk of unauthorised access, data breaches, and other cyber-related incidents.

The Group has established incident response procedures to support the timely identification, investigation, containment, and remediation of cybersecurity events, together with appropriate communication and reporting to key stakeholders and regulatory authorities where required.

While cybersecurity incidents may result in operational disruption, financial loss, or reputational damage, management continues to monitor and strengthen the Group's cybersecurity capabilities. The Group also maintains insurance coverage to mitigate certain financial exposures arising from significant cybersecurity events.

Loss of Significant Customer Contracts

A major development during the year was the notification from Bendigo & Adelaide Bank Ltd that we would not be their preferred supplier moving forward for two significant contracts — the Master Services Agreement (MSA) and the Wide Area Network (WAN) contract — together representing approximately 26.1% of Group revenue.

Key implications include:

- MSA Contract: Extended for 12 months but includes a 120-day termination-for-convenience clause. Bendigo & Adelaide Bank may use this provision to manage the migration of services. The Group has received 120-day termination notice on the following service schedules
    - Mobility: Notice received 16th April 2026
    - Voice: Notice received 7th May 2026

- WAN Contract: The Bank has invoked the transition clause, and all parties have entered a transition agreement for the orderly migration of services to the new provider. The transition of services commenced in August 2026 and with an aggressive transition plan, is expected to conclude in November 2026.

- Financial Impact: The expected revenue, profit and cash-flow loss is material and has been factored into forward projections.

This loss represents a significant operational and financial challenge for the Group and reinforces the strategic necessity of diversifying revenue beyond legacy enterprise contracts.

Customer List Acquisition

A significant strategic milestone at the end of the year was the acquisition of Luma, a digital-first telecommunications provider with approximately 3,000 customers and forecast annual revenue of $2.0 to $2.2 million. The acquisition expands Bendigo Telco's presence in the consumer telecommunications market and enhances the Group's digital capabilities.

Luma's strong customer-focused proposition and loyal customer base complement the Group's existing operations and provide opportunities for revenue growth, operating efficiencies and expanded service offerings. The acquisition was completed on 1 July 2026 for a cash consideration of $843,000, with customer transfers finalised on 1 August 2026.

The transaction further strengthens the Group's diversified telecommunications portfolio and supports its long-term strategy of delivering sustainable growth and value for customers and shareholders.

Future Outlook

As the Group enters FY27, it is well positioned to build on the progress achieved during the past year. Management remains focused on pursuing growth opportunities within its target markets while continuing to optimise the Group's infrastructure footprint, including the rationalisation of legacy assets that no longer support strategic objectives, customer requirements or sustainable commercial outcomes.

The Group will continue to invest in its people, service offerings and operational capabilities, with a particular focus on expanding managed technology services, strengthening technical expertise and embracing emerging technologies that deliver value for customers. These initiatives support the Group's strategic objective of positioning Bendigo Telco as a preferred technology partner and meeting the growing demand for digital and connectivity solutions across the communities it serves.

At the same time, the Group remains committed to its founding purpose of supporting regional prosperity through the effective use of technology, trusted local service and meaningful community investment. The Board believes this focus, together with disciplined financial management, customer-led innovation and a commitment to operational excellence, provides a strong foundation for sustainable long-term growth.

The Board remains confident in the Group's strategic direction and its ability to respond to evolving market conditions. Through a balanced approach to organic and acquisition-led growth, ongoing investment in capability and a focus on delivering positive customer outcomes, the Group remains committed to creating enduring value for shareholders, customers, employees and the communities it serves.

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

At July 1, 2026, the Group announced the acquisition of Luma, a digital-first based telecommunications provider for a cash consideration of $843,000. With approximately 3,000 customers and forecast annual revenue of $2.0 to $2.2 million, the acquisition expands the Group’s presence in the consumer telecommunications market and enhances the Group’s digital capabilities.

Since the end of the financial year, the Group has entered into agreement with National Australia Bank (NAB) to provide the following facilities;

1. Commercial Business (Overdraft) Facility to a maximum value of $500,000.

2. Business Loans with the following conditions:

- $710,000 business loan facility in July 2026. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 84-month term with a variable interest rate of 6.25%. The facility allowed the Group to fully discharge its loan with Bendigo and Adelaide Bank Limited.

- $920,000 business loan facility in July 2026. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 84-month term with a variable interest rate of 6.25%. The facility provided funding for the acquisition of Luma.

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

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely developments in the operations of the Group and the expected results of those operations have been disclosed in the Report by the Chairman and Managing Director in the Concise Annual Report, where appropriate.

ENVIRONMENTAL ISSUES

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

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, Stephen Griffin 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, Kevin Dole and Stephen Griffin.
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.

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 2026. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2026 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 G Gillett
Mr K Dole	Ms N Rooke (Resigned 30 July 2025)
Mr R Payne	Mr S Griffin

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

DIVIDENDS PAID OR RECOMMENDED

Ordinary Dividends Paid or Declared (Fully Franked):

No dividends were paid or declared.

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

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 2026:

	2026	2025
	$	$
Taxation services	1,155	1,970
Share registry services	8,214	8,229
	9,369	10,199

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2026 as required under section 307C of the *Corporations Act 2001* , has been received and can be found on page 16 of the financial report.

OPTIONS

The Group has not issued any share options.

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 was the principal architect of the **Community Bank**® business model, and has been instrumental in the development of a range of Community Enterprise and Engagement models, utilised over the last 20 years by communities across Australia to provide key infrastructure and essential services through local commercial structures. These Enterprises can provide communities with a framework, the cashflow, capacity and flexibility to address new economic opportunities in their own local economies.
Interest in shares	Indirect – Hunters Ridge Pty Ltd (Hunt Family Trust) 55,000 Shares Indirect – Hunters Ridge Pty Ltd (Rob & Annette Hunt Superannuation Fund) 506,264 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, Bunnings Epsom Unit Trust
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.

Kevin Dole – Managing Director

Occupation	Managing Director
Qualifications	Associate Diploma in Information Processing (Latrobe)
Experience	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. His career spans over 38 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. Kevin is focused on continuing to ensure long term shareholder value and delivering value for all stakeholders through sustainable partnerships.
Interest in shares	Direct - 25,000 shares
Special Responsibilities	Member of Audit and Risk Committee and Member of Remuneration Committee
Other Directorships	Director - Bendigo Stadium Limited Additional responsibilities: Audit, Risk and Finance sub-committee Director - St Arnaud Sporting Club

Rodney Payne OAM – Director	
Occupation	Consultant / Retired Lawyer
Qualifications	Bachelor of Law (Melbourne University)
Experience	Rod was a lawyer in commercial practice for over 40 years and was a partner at Harwood Andrews from 2000 before retiring from practice in 2025. Rod was a director of Geelong Community Telco Pty Ltd and Vicwest Community Telco prior to the amalgamation of Vicwest with Bendigo Telco Ltd. In his legal practice Rod undertook a broad range of commercial work and in his role in Karingal and Karingal St Laurence has been involved in major developments and mergers.
Interest in shares	Indirect - Linrod Holdings Pty Ltd atf the Payne Investment Trust A/C 22,484 shares
Special Responsibilities	Member of Audit and Risk Committee
Other Directorships	Director - Homes To Help Limited

Gregory Gillett – Director	
Occupation	Retired
Qualifications	Senior Fellow of the Financial Services Institute of Australia.
Experience	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). 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. Greg has been a company Director of both private and publicly listed companies.
Interest in shares	Direct - 24,108 shares
Special Responsibilities	Chairman of Audit and Risk Committee
Other Directorships	Nil

Stephen Griffin – Director	
Occupation	Director, Kelly Partners (Bendigo) Pty Ltd
Qualifications	Chartered Accountant Certified Practising Accountant Member AICD, ATMA
Experience	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. 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. 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. His focus is on helping Bendigo Telco through its structural transition as outlined in its strategic plan.
Interest in shares	Indirect - MGR Property Trust ATF MGR Investment Trust (one-third interest) 90,000 shares
Special Responsibilities	Member of Audit and Risk Committee and Member of Remuneration Committee
Other Directorships	Nil

Nicole Rooke – Director (Resigned 30 July 2025)

Occupation	General Manager Strategy, Governance and Enterprise Technology, Bendigo and Adelaide Bank Ltd
Qualifications	CPA, B Commerce
Experience	Nicole has almost 20 years' experience in Financial Services in varying roles within Finance, Investor Relations and Strategy. Nicole is currently Head of Planning and Execution for Bendigo and Adelaide Bank. 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. 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.
Interest in shares	Nil
Special Responsibilities	Nil
Other Directorships	Advisory Board Member for the La Trobe Business School

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, 12 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	12	12	4	4	1	1
Kevin Dole	12	12	4	4	1	1
Rodney Payne	12	12	4	3	-	-
Gregory Gillett	12	11	4	4	-	-
Stephen Griffin	12	11	3	3	1	1

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 Financial Statements.

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 align 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 12.0% 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.

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	
Rodney Payne	Director	
Gregory Gillett	Director	
Nicole Rooke	Director	(Resigned 30 July 2025)
Stephen Griffin	Director	

(ii) Executive Director

Kevin Dole	Managing Director

(iii) Other KMP

Steven Wright	Chief Financial Officer

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.

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. 2024 net profits continued to be impacted following the decrease of data centre services in 2023 as well as significant non-cash impairments to goodwill, property plant and equipment and other intangibles. 2025 net profits improved in the second half following additional restructuring. 2026 continued to benefit from the restructuring carried out during 2025, significantly improving EBITDA, net profit, cash flows from operating activities and working capital position. Average dividend yield over the past five years is 3.60% fully franked.

	2022	**2023**	**2024**	**2025**	**2026**
Revenue	$26.6M	$28.1M	$25.9M	$23.4M	$22.4M
EBITDA	$2.86M	$2.47M	$0.37M	$0.48M	$1.95M
Net profit/(loss)	$0.25M	$0.10M	($5.87M)	($0.15M)	$1.05M
Share price at year end	$0.95	$0.50	$0.50	$0.50	$0.60
Dividends paid	9.5 cents	3.5 cents	0.0 cents	0.0 cents	0.0 cents
Basic EPS	3.25 cents	0.82 cents	(75.6) cents	(1.97) cents	13.5 cents

Details of remuneration for year ended 30 June 2026

		Short term benefits		Post employment benefits	Share-based payment			
		Salaries & Fees $	Non-Cash Benefits $	Superannuation $	Shares $	Termination Benefits $	Total $	Proportion of remuneration performance based %
Non-Executive Directors								
Robert	2026	13,393	-	1,607	-	-	15,000	-
Hunt	2025	13,453	-	1,547	-	-	15,000	-
Donald	2026	-	-	-	-	-	-	-
Erskine	2025	5,605	-	645	-	-	6,250	-
Rodney	2026	13,393	-	1,607	-	-	15,000	-
Payne	2025	13,453	-	1,547	-	-	15,000	-
Gregory	2026	13,393	-	1,607	-	-	15,000	-
Gillett	2025	13,453	-	1,547	-	-	15,000	-
Nicole	2026	1,116	-	134	-	-	1,250	-
Rooke	2025	13,453	-	1,547	-	-	15,000	-
Stephen	2026	15,000	-	-	-	-	15,000	-
Griffin	2025	15,000	-	-	-	-	15,000	-
Executive Director								
Kevin	2026	294,714	-	33,178	-	-	327,892	11
Dole	2025	288,832	-	31,491	12,500	-	332,823	11
Other KMP								
Steven	2026	237,438	-	26,865	-	-	264,303	9
Wright	2025	232,845	-	25,197	12,500	-	270,542	9
	2026	588,447	-	64,998	-	-	653,445	
	2025	596,094	-	63,521	25,000	-	684,615	

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 26 August 2026, pursuant to section 298(2)(a) of the *Corporations Act 2001* .

Robert Hunt

Chairman

Kevin Dole

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 and Controlled Entities

As lead auditor for the audit of Bendigo Telco Limited and Controlled Entities for the year ended 30 June 2026, 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 26th day of August 2026

Jessica Ritchie
Lead Auditor

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $	2025 $
Revenue	4(a)	22,345,456	23,448,705
Cost of products sold		(11,161,235)	(12,219,976)
Other income		93,622	-
Finance income		248	183
Salaries and employee benefit costs		(7,078,880)	(8,070,299)
Occupancy and associated costs		(110,907)	(184,475)
General administration costs		(779,163)	(906,767)
Depreciation and amortisation costs	5(a)	(440,395)	(509,866)
Advertising and promotion costs		(112,201)	(108,285)
Systems costs		(1,184,823)	(1,420,214)
Borrowing costs	5(c)	(116,886)	(187,768)
Profit / (Loss) before income tax		1,454,836	(158,762)
Income tax (expense) / benefit	6	(400,565)	5,813
Profit / (Loss) after income tax		1,054,271	(152,949)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,054,271	(152,949)
Total comprehensive income attributable to members of Bendigo Telco Limited		1,054,271	(152,949)
Earnings per share			
Basic earnings per share (cents)	10	13.50	(1.97)
Diluted earnings per share (cents)	10	13.50	(1.97)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	2026 $	2025 $
Current Assets			
Cash and cash equivalents	11	2,167,169	929,786
Trade and other receivables	12	1,184,501	1,327,329
Prepayments		400,020	411,554
Inventories	13	114,391	79,334
Current tax assets	23(a)	-	38,449
Total Current Assets		**3,866,081**	**2,786,452**
Non Current Assets			
Prepayments		41,479	15,591
Property, plant and equipment	15	115,449	203,235
Right-of-use assets	16	288,658	516,158
Intangible assets	17	899,551	1,033,484
Deferred tax asset	23(b)	499,061	853,989
Total Non Current Assets		**1,844,198**	**2,622,457**
TOTAL ASSETS		**5,710,279**	**5,408,909**
Current Liabilities			
Trade and other payables	18	1,378,594	1,341,043
Borrowings	19	373,920	1,090,747
Lease Liabilities	20(a)	295,221	365,881
Employee Entitlements	21	797,674	773,587
Provisions	22	743	116,719
Current tax liabilities	23(a)	45,637	-
Total Current Liabilities		**2,891,789**	**3,687,977**
Non Current Liabilities			
Borrowings	19	315,977	-
Lease Liabilities	20(b)	88,381	383,603
Employee Entitlements	21	49,997	27,300
Provisions	22	14,019	14,184
Total Non Current Liabilities		**468,374**	**425,087**
TOTAL LIABILITIES		**3,360,163**	**4,113,064**
NET ASSETS		**2,350,116**	**1,295,845**
EQUITY			
Issued capital	24	7,057,430	7,057,430
Accumulated losses		(4,707,314)	(5,761,585)
TOTAL EQUITY		**2,350,116**	**1,295,845**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	Ordinary Share Capital $	Accumulated Losses $	Total $
Balance at 1 July 2024		7,032,430	(5,608,636)	1,423,794
Comprehensive Income				
Loss for the year		-	(152,949)	(152,949)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(152,949)	(152,949)
Transaction with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year	9	-	-	-
Shares issued during the year		25,000	-	25,000
Total transactions with owners and other transfers		25,000	-	25,000
Balance at 30 June 2025		**7,057,430**	**(5,761,585)**	**1,295,845**
Balance at 1 July 2025		7,057,430	(5,761,585)	1,295,845
Comprehensive Income				
Profit for the year		-	1,054,271	1,054,271
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	1,054,271	1,054,271
Transaction with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year	9	-	-	-
Shares issued during the year		-	-	-
Total transactions with owners and other transfers		-	-	-
Balance at 30 June 2026		**7,057,430**	**(4,707,314)**	**2,350,116**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $	2025 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		25,003,338	26,503,310
Payments to suppliers and employees		(22,972,882)	(25,722,909)
Lease payments not included in lease liabilities	5(b)	(79,437)	(91,813)
Interest paid on lease liabilities		(33,960)	(26,596)
Interest paid on borrowings		(26,313)	(102,228)
Income tax paid		38,449	70,658
Interest received		248	280
Net cash provided by operating activities	28	**1,929,443**	**630,702**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-	(41,450)
Purchase of property, plant and equipment		(4,054)	(118,420)
Proceeds from sale of property, plant and equipment		78,727	11,818
Net cash provided by/(used in) investing activities		**74,673**	**(148,052)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(365,883)	(387,551)
Proceeds of borrowings		1,600,171	334,076
Repayment of borrowings		(2,001,021)	(498,452)
Net cash used in financing activities		**(766,733)**	**(551,927)**
Net increase / (decrease) in cash held		**1,237,383**	**(69,277)**
Cash and cash equivalents at beginning of financial year		929,786	999,063
Cash and cash equivalents at end of the financial year	11	**2,167,169**	**929,786**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL REPORT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Reporting entity

The financial statements cover Bendigo Telco Limited (the Group) as a consolidated entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The Group is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 5 Innovation Court, Bendigo, Victoria. With additional places of businesses listed at note 33.

A description of the nature of the Group's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* , Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2026. The directors have the power to amend and reissue the financial statements.

Going concern

Basis of preparation

The financial report was prepared on a going concern basis, which assumes the Group will have sufficient resources to meet its obligations as and when they fall due for at least 12 months from the date of signing the financial report.

Financial performance and position

For the year ended 30 June 2026 the Group recorded revenue of $22,345,456 (FY25: $23,448,705).

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) for the period was $1,955,504 (FY25: $479,928).

The NPAT result for the year, on a reported basis, was a profit of $1,054,271 (FY25: Loss of $152,949).

The Group generated strong cash flows from operating activities of $1,929,443 (FY25: $630,702).

The Group recorded a working capital surplus totalling $974,292 (FY25: deficit of $901,525).

The Group’s business loan facility requires the Group to maintain a Debt Service Coverage ratio (DSCR) of 1.2x, at all times. The DSCR for the period was calculated as 2.8x resulting in the covenant requirement being met.

Loss of significant customer contracts

For the year ended 30 June 2026, the Group derived approximately 26.1% of its revenue from a major customer, primarily from two significant contracts.

During the year the Group received notification from Bendigo & Adelaide Bank Ltd that were not their preferred supplier moving forward. Both contracts will transition away during FY27 with actual financial impact being dependant on the timing of the transition which is currently planned to conclude in November 2026.

The expected revenue, profit and cash-flow loss is material and has been factored into forward projections with the Group focussing on cost, pricing and growth strategies to mitigate the overall impact and support the Groups financial viability and sustainability.

Conclusion

The directors have reviewed the Group's forecasts and projections, which include the loss of significant customer contracts, and conclude that the Group has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The forecasts are dependent on a number of significant assumptions, including the successful transition from the Bendigo and Adelaide Bank contracts, integration and retention of the Luma customer base, achievement of forecast revenue replacement initiatives and implementation of planned cost reduction measures. The directors will continue to monitor actual trading performance against these assumptions and take appropriate action where required.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Changes in accounting policies, standards and interpretations

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability* is effective for annual reporting periods beginning on or after 1 January 2025. This amendment has been adopted by the Group and has not materially impacted the financial statements.

Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

(a) Principles of Consolidation

In accordance with the *Corporations Act 2001* , these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 3.

The consolidated financial statements incorporate all of the assets and liabilities of the parent (Bendigo Telco Limited) and the wholly owned subsidiaries. A subsidiary is an entity the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of the subsidiary are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

(b) Income Tax and Deferred Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(c) Trade receivables

Trade receivables are initially measured at the transaction price. Trade receivables are generally due for settlement within 14 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. Refer to note 12 for the policy for impairment of receivables.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on either a straight line or diminishing value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets which are consistent with the prior year are:

Asset Class	Depreciation Rate (%)
Office Furniture & Equipment:	
Advertising Collateral	7.5
Furniture & Fittings	7.5 - 37.5
Office Equipment	7.5 - 40
Office Computer Equipment	20 - 66.67
Satellite Equipment	50
Software	33.33 - 80
Retail/Display Equipment	11.25
Installation/Servicing Equipment	11.25 - 30
Motor Vehicles	14.29 - 25
Leasehold	2.5 - 40
Telecommunications & Infrastructure:	
Infrastructure	7.59
Data Centre	2.5 - 50
Network Computer & Infrastructure	8 - 50
Connectivity Links	7.5 - 50
Cloud	14.29 - 50

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

(e) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is also performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Statement of Financial Position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the Statement of Financial Position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its Statement of Financial Position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(g) Revenue

Revenue under *AASB 15: Revenue from Contracts with Customers* arises from goods and services sold as part of ordinary activities. The group applies the five-step approach to customer arrangements to identify the contract for accounting purposes (i.e. to determine the amount and timing of revenue to be recognised).

Revenue from recurring Voice, Data Networks, Broadband, Managed IT Services, Hardware and Installations, Data Centre and Cloud is recognised at the time that the good or service is provided, with the exception of those items set out below. Revenue from the customer is recognised at a point in time when control of the good or service passes to the customer.

Mobile Repayment Option (MRO)
- Customer acquisition of mobile handset which is repaid by the customer over a 24 month contract.
- Revenue recognised when control of the mobile handset is passed to the customer.

Modem provided with DSL/NBN plan
- Customer may be provided with a compatible modem when signing to a DSL/NBN 24 month plan.
- Revenue recognised when control of the modem is passed to the customer.

Router provided with a VPN solution
- Customer provided with a compatible router when signing a 12, 24 or 36 month contract.
- As customer does not take ownership of the router, the related service revenue is recognised over the term of the contract.

Standard Operating Equipment with Managed IT Services solutions
- Customer provided with a compatible equipment when signing a 12 to 60 month contract.
- Revenue recognised when control of the equipment is passed to the customer.

Onboarding of Managed IT Services solutions
- Customer provided with consulting services to onboard as a managed service customer.
- Revenue recognised when onboarding of customer is complete.

Managed IT Services
- Customer receives network, application, infrastructure and security support on a regular ongoing basis.
- Revenue is recognised over time in accordance with the contract as the customer receives a benefit as the Group performs.

Sales commissions
- Sales commissions are provided as incentives for sales. These commissions vary depending on the product sold.
- Costs are capitalised and the expense recognised equally over the term of the contract.

(h) Leases (the Group as lessee)

The Group as a lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets (ie fair value less than $10,000) are recognised as an operating expenses on a straight-line basis over the term of the lease.

The Group as a Lessor

The Group is not entered into any contracts whereby the Group is considered a lessor.

(i) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets and liabilities, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

The Group classifies trade and other payables, lease liabilities and borrowings in this category.

Financial assets

Financial assets are subsequently measured at amortised costs if both of the following criteria are met:

- the financial asset is managed solely to collect contractual cash flows, and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method less any impairment.

The Group recognise cash and cash equivalents and trade and other receivables in this category.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Statement of Financial Position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments.

This approach is applicable to trade receivable or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

(j) Intangibles

Customer Lists

Customer lists are initially recorded at the residual transaction price allocated based on relative fair value and have been assessed as having a useful life of six to ten years and carried at cost less accumulated amortisation and impairment losses. The directors are required to perform an annual assessment to identify indications of impairment and only where indications are present is the asset required to be tested for impairment.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

Projects that have not been completed by the end of the financial year have not yet been assessed for a useful life, this will be completed at the end of the project, therefore costs for these projects are recorded in the Statement of Financial Position without any amortisation. Once a useful life is established, amortisation will commence, and the projects carried at cost less accumulated amortisation and impairment losses.

(k) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Comparative Information

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different for those segments operating in other economic environments. Refer to Note 27.

(n) Share Based Payments

The Group measures the goods and services received by equity-settled share based payment transactions as an increase in equity, directly, at the fair value of the goods or services rendered, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services rendered, the Group shall measure their value, and the corresponding increase in equity, indirectly by reference to the fair value of the equity instruments granted.

If the equity instruments granted vest immediately, are unconditional and are not required to complete a specified period of service, the Group shall presume that the services rendered by the counterparty as consideration for the equity instruments have been received. On grant date, the Group recognises the services rendered in full, with a corresponding increase in equity.

If the equity instruments do not vest until the counterparties complete a specified period of service, the Group shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The Group accounts for these services as they are rendered by the counterparty during the vesting period, with a corresponding increase to equity.

Share-based payment arrangements in which the Group received goods or services as consideration for its own equity instruments are accounted for as equity-settled share based payment transactions, regardless of how the equity instruments are obtained by the Group.

(o) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, Management believes to be reasonable under the circumstances. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Key judgements – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments – Revenue from customers with contracts

Performance obligations under AASB 15

To identify performance obligations under AASB 15, Management exercises judgement by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, Management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

Key Estimate - Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Key Estimate - Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Key Estimate - Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Key Judgments – Leases

Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Group will make.

The Group determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to future strategy of the Group, in addition to the following:

- If there are significant penalties to terminate (or not to extend), the Group is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All leases have been calculated including all renewal options, as it is reasonably certain that the leases will be extended (or not terminated). The lease term is reassessed if an option is not exercised or the group becomes obliged to not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Incremental borrowing rate under AASB 16

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- makes adjustments specific to the lease, eg term and security.

The Group's incremental borrowing rate used within lease calculations range from 4% to 11%.

Key Estimate - Customer list and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether customer list and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Key Estimate - Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

	2026 $	2025 $
ASSETS		
Current assets	3,866,081	2,786,452
Non-current assets	1,844,198	2,622,457
TOTAL ASSETS	5,710,279	5,408,909
LIABILITIES		
Current liabilities	2,891,789	3,687,977
Non-current liabilities	468,374	425,087
TOTAL LIABILITIES	3,360,163	4,113,064
EQUITY		
Issued Capital	7,057,430	7,057,430
Retained Earnings	(4,707,314)	(5,761,585)
TOTAL EQUITY	2,350,116	1,295,845

Statement of Profit or Loss and Other Comprehensive Income

Total profit	1,054,271	(152,949)
Total comprehensive income	1,054,271	(152,949)

Contingent liabilities
The parent entity has no contingent liabilities at 30 June 2026 (2025: Nil).

Contingent assets
The parent entity has no contingent assets as at 30 June 2026 (2025: Nil).

Guarantees
The parent entity has no guarantees as at 30 June 2026 (2025: Nil).

Capital commitments
The parent entity has capital commitments of $110,792 (2025: $56,016) contracted for but not yet capitalised in the financial statements at 30 June 2026. For further information on Capital commitments refer to Note 25.

Financial support for controlled entities
The parent entity, Bendigo Telco Limited, is providing and will continue to provide financial support to its controlled entities.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group as disclosed in Note 1.

4. REVENUE AND OTHER INCOME

	2026	2025
	$	$
(a) Revenue:		
Revenue from contracts with customers	22,345,456	23,448,705
	22,345,456	23,448,705
(b) Other income:		
Profit on sale of assets	65,849	-
Unsecured dividend	27,773	-
	93,622	-
(c) Finance income:		
Interest received	248	183
	248	183
	22,439,326	23,448,888

Refer to Note 27 for details of revenue from contracts with customers disaggregated by nature and timing of revenue recognition.

5. EXPENSES

(a) Depreciation and amortisation expense	2026	2025
	$	$
Depreciation of property, plant and equipment:		
Office furniture & equipment	28,874	44,141
Leasehold	15,575	16,209
Telecommunications & infrastructure	34,513	44,583
	78,962	104,933
Amortisation of intangible assets:		
Customer List	120,116	120,202
Internally Generated Software	13,817	6,908
	133,933	127,110
Depreciation of right-of-use assets:		
Motor vehicles	10,880	9,973
Telecommunications & infrastructure	-	32,303
Buildings	216,620	235,547
	227,500	277,823
	440,395	509,866

(b) Recognition exemption

The Group has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2026	2025
	$	$
Expenses relating to low-value leases	47,589	51,868
Expenses relating to short-term leases	31,848	39,945
	79,437	91,813

Expenses relating to leases exempt from recognition are included in occupancy and associated costs.

The Group pays for the right-to-use computer equipment. The underlying assets have been assessed as low value and exempted from recognition.

(c) Other expenses

	2026 $	2025 $
Borrowing expenses:		
Interest paid	60,273	128,824
Other	9,024	7,077
Equipment lease expenses	47,589	51,868
	116,886	187,769
Bad debts	36,195	2,973
Impairment allowance	368	(29,278)
	36,563	(26,305)
Loss of sale on assets	-	97

6. TAX EXPENSE

	2026 $	2025 $
a. The components of tax expense comprise:		
Current tax	45,637	(97,759)
Deferred tax	354,928	91,946
	400,565	(5,813)
b. The prima facie tax benefit on loss from activities before income tax is reconciled to the income tax benefit as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2025: 25%)	363,709	(39,691)
Add:		
Tax effect of:		
- Movement in provision for impairment	92	(7,320)
- Movement in provision for employee benefits	11,696	(92,195)
- Movement in provision for make good	145	(802)
- Movement in provision for minimum spend shortfall	(29,180)	8,281
- Movement in deferred tax	354,928	91,946
- Capital allowances	(1,744)	(616)
- Non-deductible expenses	93,612	99,492
	429,549	98,786
Less:		
Tax effect of:		
- Right-of-use rental payments	60,474	64,908
	60,474	64,908
Carried forward losses	332,219	-
	332,219	-
Income tax benefit attributable to entity	400,565	(5,813)

7. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors’ Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2026.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2026 $	2025 $
Short-term employee benefits	588,447	596,094
Post-employment benefits	64,998	63,521
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	25,000
	653,445	684,615

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chair and all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits
These amounts are the current-year’s costs of superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits
These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Termination benefits
Amounts paid to KMP during the year upon termination of employment from the Group.

Share-based payments
These amounts represent the expense related to the participation of KMP in employee share schemes as measured by the fair value of the shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors’ report.

KMP Shareholdings

The number of ordinary shares in Bendigo Telco Limited held by each KMP of the Group during the financial year is as follows:

30 June 2026	Balance at beginning of year	Granted as remuneration during year	Other changes during year	Balance at end of year
Robert Hunt	513,758	-	47,506	561,264
Kevin Dole	25,000	-	-	25,000
Rodney Payne	22,484	-	-	22,484
Gregory Gillett	24,108	-	-	24,108
Nicole Rooke	-	-	-	-
Stephen Griffin	90,000	-	-	90,000
Steven Wright	28,238	-	-	28,238
	703,588	-	47,506	751,094

30 June 2025	Balance at beginning of year	Granted as remuneration during year	Other changes during year	Balance at end of year
Robert Hunt	513,758	-	-	513,758
Donald Erskine	939,326	-	-	939,326
Kevin Dole	-	25,000	-	25,000
Rodney Payne	22,484	-	-	22,484
Gregory Gillett	24,108	-	-	24,108
Nicole Rooke	-	-	-	-
Stephen Griffin	90,000	-	-	90,000
Steven Wright	3,238	25,000	-	28,238
	1,592,914	50,000	-	1,642,914

8. AUDITORS' REMUNERATION

	2026 $	2025 $
Remuneration of the auditor Andrew Frewin Stewart, for:		
Auditing the financial report	99,274	79,690
Taxation services	1,155	1,970
Share registry services	8,214	8,229
	108,643	89,889

9. DIVIDENDS PAID AND PROPOSED

No dividend paid for year ended 30 June 2026 (30 June 2025: Nil)

10. EARNINGS PER SHARE

	2026 $	2025 $
a. Reconciliation of earnings to profit or loss		
Proft / (Loss) for the year	1,054,271	(152,949)
Earnings used in calculation of basic and diluted EPS	1,054,271	(152,949)
b. Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	7,807,784	7,758,332
Basic earnings per share (cents)	13.50	(1.97)
Diluted earnings per share (cents)	13.50	(1.97)

11. CASH AND CASH EQUIVALENTS

	2026 $	2025 $
Cash at bank and on hand	2,160,734	923,351
Short term bank deposits	6,435	6,435
	2,167,169	929,786

Cash on hand is non interest bearing.

Cash at bank earned interest rates of 0% (2025: 0%) depending on the level of funds from time to time. Cash at bank is subject to interest rate risk, as it earns interest at floating rates. In 2026 the average floating interest rates for the Group were 0.02% (2025: 0.02%).

The effective interest rate on short term bank deposits was 3.35% (2025: 4.45%); these deposits had an average maturity of 182 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:

	2026 $	2025 $
Cash and cash equivalents	2,167,169	929,786

12. TRADE AND OTHER RECEIVABLES

	2026 $	2025 $
Trade debtors	491,365	300,528
Other receivables	696,168	1,029,465
Provision for impairment	(3,032)	(2,664)
	1,184,501	1,327,329

Impairment of receivables

The average credit period on the sale of goods and rendering of services is 19 days (2025: 21 days).

Ageing of trade receivables is as follows:

a. Ageing of past due	2026 $	2025 $
0 – 30 days	468,420	271,009
30 – 60 days	13,223	16,504
60 – 90 days	793	4,850
Over 91 days	8,929	8,165
	491,365	300,528

b. The following table shows the movement in lifetime expected credit loss that has been recognised for trade debtors.

Lifetime expected credit loss: credit impaired	2026 $	2025 $
Opening balance	2,664	31,943
Net measurement of loss allowance	36,563	(26,306)
Amounts written off as uncollectable	(36,195)	(2,973)
Amounts recovered during the year	-	-
Balance at the end of the year	3,032	2,664

In measuring the expected credit loss, a provision matrix for trade receivables is used.

Ageing	**Expected default rate**	**Gross carrying amount**	**Credit loss allowance**
Current	0.16%	468,420	749
31 - 60 days past due	1.75%	13,223	231
61 - 90 days past due	9.08%	793	72
90+ days past due	22.17%	8,929	1,980
Total		491,365	3,032

13. INVENTORIES

	2026 $	2025 $
Inventory	114,391	79,334
	114,391	79,334

14. 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	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2026 %	2025 %	2026 %	2025 %
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.

15. PROPERTY PLANT AND EQUIPMENT

	2026 $	2025 $
Office, Furniture, Equipment		
At Cost	1,404,997	1,432,772
Accumulated depreciation	(1,386,916)	(1,383,039)
	18,081	49,733
Motor Vehicles		
At Cost	40,694	81,388
Accumulated depreciation	(40,694)	(81,388)
	-	-
Leasehold		
At Cost	124,185	140,028
Accumulated depreciation	(89,825)	(84,052)
	34,360	55,976
Telecommunications & Infrastructure		
At Cost	1,416,217	2,142,136
Accumulated depreciation	(1,294,002)	(1,985,403)
Accumulated impairment losses	(59,207)	(59,207)
	63,008	97,526
Total Property, Plant & Equipment	115,449	203,235

a. Movement in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Office, Furniture, Equipment	Motor Vehicles	Leasehold	Telecommunications & Infrastructure	TOTAL
Balance at 1 July 2024	69,921	-	68,670	139,227	277,818
Additions	32,233	-	7,150	2,882	42,265
Disposals	(8,280)	-	(3,635)	-	(11,915)
Depreciation	(44,141)	-	(16,209)	(44,583)	(104,933)
Impairment	-	-	-	-	-
Balance at 30 June 2025	49,733	-	55,976	97,526	203,235
Additions	4,054	-	-	-	4,054
Disposals	(6,832)	-	(6,041)	(5)	(12,878)
Depreciation	(28,874)	-	(15,575)	(34,513)	(78,962)
Impairment	-	-	-	-	-
Balance at 30 June 2026	18,081	-	34,360	63,008	115,449

In connection with the Group's borrowings disclosed at Note 19, Bendigo and Adelaide Bank Limited hold General Security Deeds over all present and after acquired property of the Group.

16. RIGHT-OF-USE ASSETS

	2026 $	2025 $
Motor Vehicles		
At Cost	115,140	115,140
Accumulated depreciation	(59,838)	(48,958)
	55,302	66,182
Leased Telecommunications & Infrastructure		
At Cost	3,787,150	3,787,150
Accumulated depreciation	(3,480,550)	(3,480,550)
Accumulated impairment losses	(306,600)	(306,600)
	-	-
Leased Buildings		
At Cost	1,544,535	1,544,535
Accumulated depreciation	(1,311,179)	(1,094,559)
	233,356	449,976
Total Right-Of-Use Assets	288,658	516,158

a. Movement in carrying amounts

Movement in the carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year

	Motor Vehicles	Telecommunications & Infrastructure	Buildings	TOTAL
Balance at 1 July 2024	-	32,303	603,878	636,181
Additions	76,155	-	-	76,155
Disposals	-	-	-	-
Remeasurement	-	-	81,645	81,645
Depreciation	(9,973)	(32,303)	(235,547)	(277,823)
Impairment	-	-	-	-
Balance at 30 June 2025	66,182	-	449,976	516,158
Additions	-	-	-	-
Disposals	-	-	-	-
Remeasurement	-	-	-	-
Depreciation	(10,880)	-	(216,620)	(227,500)
Impairment	-	-	-	-
Balance at 30 June 2026	55,302	-	233,356	288,658

17. INTANGIBLES

	2026 $	2025 $
Customer List		
Cost	4,749,371	4,749,371
Accumulated Amortisation	(2,647,337)	(2,527,221)
Accumulated Impairment Losses	(1,377,418)	(1,377,418)
Net Carrying Value	724,616	844,732
Internally Generated Software		
Cost	2,512,676	2,512,676
Accumulated Amortisation	(2,194,241)	(2,180,424)
Accumulated Impairment Losses	(297,710)	(297,710)
Net Carrying Value	20,725	34,542
Project Development & IP Address Blocks		
Cost	889,140	889,140
Accumulated Amortisation	(660,443)	(660,443)
Accumulated Impairment Losses	(74,487)	(74,487)
Net Carrying Value	154,210	154,210
Total Intangibles	899,551	1,033,484

a. Movement in carrying amounts

Year ended 30 June 2025	Customer List	Internally Generated Software	Project Development & IP Address Blocks	TOTAL
Balance at beginning of year	964,934	-	154,210	1,119,144
Additions	-	41,450	-	41,450
Disposals	-	-	-	-
Amortisation charge	(120,202)	(6,908)	-	(127,110)
Impairment losses	-	-	-	-
	844,732	34,542	154,210	1,033,484
Year ended 30 June 2026				
Balance at beginning of year	844,732	34,542	154,210	1,033,484
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation	(120,116)	(13,817)	-	(133,933)
Impairment losses	-	-	-	-
	724,616	20,725	154,210	899,551

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

18. TRADE AND OTHER PAYABLES

	2026	2025
	$	$
Unsecured liabilities:		
Trade payables	426,687	496,860
Sundry payables and accrued expenses	951,907	844,183
	1,378,594	1,341,043

a. Financial liabilities classified as trade and other payables

Trade and other payables	1,378,594	1,341,043
GST payable	(94,176)	(100,432)
	1,284,418	1,240,611

19. BORROWINGS

	2026	2025
	$	$
Current		
Secured by fixed and floating registered mortgage debenture		
Bank loans	340,831	975,632
Chattel mortgages	33,089	115,115
Total current borrowings	373,920	1,090,747
Non current		
Secured by fixed and floating registered mortgage debenture		
Bank loans	315,977	-
Total non-current borrowings	315,977	-
Total Borrowings	689,897	1,090,747

The group has three facilities provided by the Bendigo and Adelaide Bank Limited.

1. Commercial Business (Overdraft) Facility to a maximum value of $500,000 which was not utilised at balance date. Facility secured by;
- a Registered First Company Debenture charge from Bendigo Telco Limited in its own right; and
- General Security Deeds over all present and after acquired property of Bendigo Telco Limited and its subsidiaries.

2. Chattel mortgages are secured by the underlying leased assets.

3. Business Loans, with the following conditions:

The Group entered into a $1.5m business loan facility with Bendigo & Adelaide Bank on 30 June 2023. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term with a variable interest rate of 6.357%.

Bendigo & Adelaide Bank may conduct a review of Bendigo Telco's facilities once every 12-month period during the term.

Half yearly accounts and Compliance Certificate showing performance against Financial Covenants, are to be provided to Bendigo & Adelaide Bank within 60 days of the end of the half year period.

Annual, audited accounts and Compliance Certificate showing performance against Financial Covenants, are to be provided to Bendigo & Adelaide Bank as soon as available and at least within 90 days of the end of the half year period.

No dividends to be declared where cash dividends paid are greater than 100% of Net Profit After Tax.

No business acquisitions of a value greater than $500,000 in cost (debt or equity funded) without the prior consent of Bendigo & Adelaide Bank. Details of all acquisitions to be advised to Bendigo & Adelaide Bank with information required to be negotiated/documented before extension of the facility.

A breach of a Financial Covenant shall be considered as an Event of Default and the Bendigo & Adelaide Bank will have the right to call default.

On a consolidated basis, Debt Service Coverage Ratio (EBITDA/finance payments in period (debt and interest) is to be measured half yearly and maintained at equal to or greater than 1.2 times.

As at 30 June 2026 the Debt Service Coverage ratio (DSCR) covenant requiring a minimum of 1.2x was met (result 2.8x). On the 4 August 2026, Bendigo and Adelade Bank Ltd provided their confirmation that the covenant requirements had been satisfied.

Facility secured by:
- a Registered First Company Debenture charge from Bendigo Telco Limited in its own right; and
- General Security Deeds over all present and after acquired property of Bendigo Telco Limited and its subsidiaries.

20. LEASE LIABILITIES

Lease portfolio

Innovation Court, Bendigo, Vic	The lease agreement is a non-cancellable lease with an initial term of five years which commenced 01/09/2022 with a further five year extension option available. The Group is not reasonably certain to exercise the option.
Collins Street, Hobart, Tas	The lease agreement is a non-cancellable lease with an initial term of one year which commenced in 01/11/2024 with a further one year extension option available. The Group has exercised the option.
IT Services equipment	The lease agreement is a non-cancellable lease with a term of four years which commenced in 15/06/2023. There are no extension options.
IT Services equipment	The lease agreement is a non-cancellable lease with a term of three years which commenced in 28/07/2023. There are no extension options.
IT Services equipment	The lease agreement is a non-cancellable lease with a term of three years which commenced in 04/12/2023. There are no extension options.
IT Services equipment	The lease agreement is a non-cancellable lease with a term of three years which commenced in 11/07/2024. There are no extension options.
Motor Vehicles	The lease agreement is a non-cancellable lease with a term of five years which commenced in 31/07/2024. There are no extension options.
Motor Vehicles	The lease agreement is a non-cancellable lease with a term of five years which commenced in 31/07/2024. There are no extension options.
IT Services equipment	The lease agreement is a non-cancellable lease with a term of four years which commenced in 31/10/2024. There are no extension options.

a) Current lease liabilities

	2026 $	2025 $
Motor vehicles	17,780	17,780
Unexpired interest	(3,305)	(4,383)
	14,475	13,397
Telecommunications & Infrastructure lease liabilities	59,503	136,817
Unexpired interest	(4,934)	(10,723)
	54,569	126,094
Building lease liabilities	232,513	241,890
Unexpired interest	(6,336)	(15,500)
	226,177	226,390
	295,221	365,881

b) Non-current lease liabilities

	2026 $	2025 $
Motor vehicles	37,781	55,561
Unexpired interest	(3,052)	(6,357)
	34,729	49,204
Telecommunications & Infrastructure lease liabilities	17,238	75,828
Unexpired interest	(982)	(5,002)
	16,256	70,826
Building lease liabilities	37,583	270,096
Unexpired interest	(187)	(6,523)
	37,396	263,573
	88,381	383,603

c) Maturity analysis

	2026 $	2025 $
Not later than 12 months	309,796	396,487
Between 12 months and 5 years	92,602	401,485
Greater than 5 years	-	-
Total undiscounted lease payments	402,398	797,972
Unexpired interest	(18,796)	(48,488)
Present value of lease liabilities	383,602	749,484

21. EMPLOYEE ENTITLEMENTS

	2026 $	2025 $
Current		
Annual Leave	354,351	351,178
Long Service Leave	443,323	422,409
	797,674	773,587
Non Current		
Long Service Leave	49,997	27,300
	49,997	27,300

22. PROVISIONS

	2026 $	2025 $
Current		
Lease Make Good	743	-
Minimum spend shortfall	-	116,719
	743	116,719
Non Current		
Lease Make Good	14,019	14,184
	14,019	14,184

23. TAX ASSETS AND LIABILITIES

	2026 $	2025 $
a. Current tax		
Income tax payable / (refundable)	45,637	(38,449)
b. Deferred Tax Assets		
Balance as at 30 June	499,061	853,989
Represented by tax effect of:		
- Provision for impaired debts	758	666
- Provision for annual leave	88,588	87,795
- Provision for long service leave	123,330	112,427
- Provision for make good	3,691	3,546
- Provision for minimum spend shortfall	-	29,180
- Capital allowances	16,467	19,486
- Right-of-use asset and lease liability	7,554	9,997
- Carried forward losses	258,673	590,892
	499,061	853,989

24. ISSUED CAPITAL

	No. of Shares	2026 $	2025 $
Fully paid ordinary shares at beginning of period	7,807,784	7,866,558	7,841,558
Add employee share issue	-	-	25,000
Less cost of equity raised - IPO	-	(284,199)	(284,199)
Less cost of equity raised - Scheme of arrangement	-	(524,929)	(524,929)
	7,807,784	7,057,430	7,057,430

25. CAPITAL COMMITMENTS

Capital Expenditure Commitments

Capital expenditure commitments contracted for:	2026 $	2025 $
Networks equipment	20,311	-
IT Services equipment	90,481	56,016
	110,792	56,016
Payable:		
No later than 12 months	110,792	56,016
Between 12 months and 5 years	-	-
	110,792	56,016

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent assets or contingent liabilities at the date of this report to affect the financial statements.

27. 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).

The Group reports and delivers services under four (2025: three) dedicated teams, Voice Services, Network Services, IT Services and Field Services. These teams are responsible for the efficient end to end delivery of their product suites.

Revenue by division and product set for the period ending 30 June 2026

	Voice Services $	Network Services $	IT Services $	Field Services $	Total $
Revenue from sales of services recognised over time					
Fixed Voice Services	1,224,182	-	-	-	1,224,182
SIP, VOIP, NBN Voice Services	2,614,080	-	-	-	2,614,080
VPN Products	-	6,727,529	-	-	6,727,529
Mobile Phone Services	1,541,647	75,166	-	-	1,616,813
E-Solutions Products	-	-	69,288	-	69,288
NBN Internet Services	-	3,093,127	-	-	3,093,127
Managed IT Services	-	-	1,646,005	-	1,646,005
Consulting Services	24,105	89,465	362,659	-	476,229
Hardware and Installations	-	-	-	-	-
Data Centre and MAN	-	-	131,920	-	131,920
Cloud Infrastructure Services	-	-	2,828,307	-	2,828,307
	5,404,014	9,985,287	5,038,179	-	20,427,480
Revenue from sale of goods recognised at point in time					
Mobile Phone Services	45,491	-	-	-	45,491
NBN Internet Services	-	5,520	-	-	5,520
Managed IT Services Equipment	-	-	22,440	-	22,440
Managed IT Services Onboarding	-	-	1,232	-	1,232
Hardware and Installations	151,272	205,564	585,727	900,730	1,843,293
	196,763	211,084	609,399	900,730	1,917,976
Other Income					
Profit on sale of assets	16,463	16,462	16,462	16,462	65,849
Unsecured dividend	8,456	10,141	7,342	1,834	27,773
	24,919	26,603	23,804	18,296	93,622
Finance Income					
Interest received	62	62	62	62	248
	62	62	62	62	248
Total revenue from contracts with customers	5,625,758	10,223,036	5,671,444	919,088	22,439,326
Interest expense					(60,273)
Depreciation and amortisation					(440,395)
Other expenses					(20,483,822)
Profit before income tax expense					1,454,836

Revenue by division and product set for the period ending 30 June 2025

	Voice Services $	Network Services $	IT Services $	Total $
Revenue from sales of services recognised over time				
Fixed Voice Services	1,126,507	-	-	1,126,507
SIP, VOIP, NBN Voice Services	3,095,300	-	-	3,095,300
VPN Products	-	6,941,306	-	6,941,306
Mobile Phone Services	2,098,958	-	-	2,098,958
E-Solutions Products	-	-	77,363	77,363
NBN Internet Services	-	3,366,246	-	3,366,246
Managed IT Services	-	-	1,625,975	1,625,975
Consulting Services	-	-	304,251	304,251
Hardware and Installations	-	-	-	-
Data Centre and MAN	-	-	124,546	124,546
Cloud Infrastructure Services	-	-	2,965,255	2,965,255
	6,320,765	10,307,552	5,097,390	21,725,707
Revenue from sale of goods recognised at point in time				
Mobile Phone Services	63,927	-	-	63,927
NBN Internet Services	-	1,780	-	1,780
Managed IT Services Equipment	-	-	57,108	57,108
Managed IT Services Onboarding	-	-	39,900	39,900
Hardware and Installations	-	-	1,560,283	1,560,283
	63,927	1,780	1,657,291	1,722,998
Finance Income				
Interest received	61	61	61	183
	61	61	61	183
Total revenue from contracts with customers	6,384,753	10,309,393	6,754,742	23,448,888
Interest expense				(128,824)
Depreciation and amortisation				(509,866)
Other expenses				(22,968,960)
Loss before income tax benefit				(158,762)

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.

Major customers

During the year ended 30 June 2026 approximately 26.1% (2025: 24.1%) of Bendigo Telco's external revenue was derived from sales to one customer (2025: one customer).

Revenue from the major customer attributed to each operating segment;

Voice Services	1,685,033
Network Services	3,542,004
IT Services	621,837
Total	5,848,874

28. CASH FLOW INFORMATION

	2026 $	2025 $
Reconciliation of net cash provided by operating activities with		
Profit / (loss) after income tax	1,054,271	(152,949)
Non-cash flows in profit/(loss):		
Depreciation and amortisation	440,395	509,866
(Profit) / loss on sale of assets	(65,849)	97
Change in assets and liabilities		
(Increase)/decrease in assets and Increase/(decrease) in liabilities		
Receivables	142,828	539,603
Prepayments	(14,353)	214,063
Inventories	(35,057)	(6,784)
Deferred tax asset	354,928	(5,813)
Accounts payable	37,551	(199,177)
Provisions	(69,357)	(338,862)
Taxation	84,086	45,658
Issued capital	-	25,000
Net cash flow from operating activities	1,929,443	630,702

29. EVENTS AFTER THE REPORTING PERIOD

At July 1, 2026, the Group announced the acquisition of Luma, a digital-first based telecommunications provider for a cash consideration of $843,000. With approximately 3,000 customers and forecast annual revenue of $2.0 to $2.2 million, the acquisition expands the Group’s presence in the consumer telecommunications market and enhances the Group’s digital capabilities.

Since the end of the financial year, the Group has entered into agreement with National Australia Bank (NAB) to provide the following facilities;

1. Commercial Business (Overdraft) Facility to a maximum value of $500,000.

2. Business Loans with the following conditions:

- $710,000 business loan facility in July 2026. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 84-month term with a variable interest rate of 6.25%. The facility allowed the Group to fully discharge its loan with Bendigo and Adelaide Bank Limited.

- $920,000 business loan facility in July 2026. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 84-month term with a variable interest rate of 6.25%. The facility provided funding for the acquisition of Luma.

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

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

30. RETIREMENT BENEFITS AND SUPERANNUATION PAYMENTS

There are no prescribed benefits given during the year by the Group or a related party to a director or prescribed superannuation fund in connection with the retirement from a prescribed office. (2025: Nil)

31. RELATED PARTY DISCLOSURES

The Group enters into transactions with related entities including revenue received and services and supplies procured. These revenue and expense items are included in the Statement of Profit or Loss and Other Comprehensive Income. Amounts owing to and from related entities are included in the Statement of Financial Position.

The transactions are commercial and conducted on the same terms as other third party transactions.

A summary of material transactions excluding dividends between the Group and related parties during the period were;

	2026 $	2025 $
Network, Voice and Cloud telecommunication services provided to related entities	5,848,874	5,661,220
Supplies and services purchased from related entities	190,238	184,198
Amounts owing to related entities	727,460	1,073,771

The names of directors who have held office during the financial year are:

Robert Hunt	Gregory Gillett
Kevin Dole	Nicole Rooke (Resigned 30 July 2025)
Rodney Payne	Stephen Griffin

No director or related entity has entered in to a material contract with the group.

Directors Shareholdings	2026 No.	2025 No.
Robert Hunt	561,264	513,758
Kevin Dole	25,000	25,000
Rodney Payne	22,484	22,484
Gregory Gillett	24,108	24,108
Nicole Rooke	-	-
Stephen Griffin	90,000	90,000

32. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with bank, short-term investments, accounts receivable and payable and leases. The main purpose of non-derivative financial instruments is to raise finance for Group operations.

The Group's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of the telecommunications market and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out by the Board of Directors and senior management.

(i) Market Risk – the Group has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price Risk – the Group is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Group is not exposed to commodity price risk.

(iii) Credit Risk – the Group has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history and credit rating.

(iv) Liquidity Risk – the Group maintains prudent liquidity management by maintaining sufficient cash and the availability of funding from credit facilities.

(v) Cash flow and fair value interest rate risk – interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. The Group has mitigated risk on long-term interest-bearing liabilities by negotiating fixed rate contracts.

The accounting policies including the terms and conditions of each class of financial asset and financial liability both recognised and unrecognised at balance date, are as follows:

Recognised	**Accounting Policies**	**Terms and Conditions**
Financial assets		
Cash or Cash Equivalents and Short-term Deposits	Cash or cash equivalents and short-term deposits are stated at cost and any interest is taken up as income on an accrual basis.	These items are cash or are readily convertible to cash.
Accounts Receivable – Debtors	As per AASB 9, an expected credit loss model is applied. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.	Trade receivables are generally due for settlement within 14 days.
Financial liabilities		
Creditors and Accruals	Liabilities are recognised for amounts to be paid in the future for goods and services.	Trade creditors are normally settled on 30 day terms, or in accordance with agreement with individual creditors.
Borrowings	Borrowings measured using the effective interest rate method.	Secured by fixed and floating registered mortgage debenture.
Lease liabilities	Lease liabilities are measured at the present value of the lease payments still to be paid.	Remaining lease terms reasonably expected to be exercised.

(b) Financial Instruments

Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Notes	Fixed Interest Rate Maturing Weighted Average Effective Interest Rate		Floating Interest Rate Financial Instruments	
		2026	2025	2026	2025
		%	%	$	$
Financial Assets					
Cash or Cash Equivalents	11	-	-	2,160,734	923,351
Short-term Deposits	11	3.55	4.45	6,435	6,435
Accounts Receivable - Debtors	12	-	-	-	-
Total Financial Assets		3.55	4.45	2,167,169	929,786
Financial Liabilities					
Creditors & Accruals	18(a)	-	-	-	-
Borrowings	19	6.36	5.81	-	-
Lease Liabilities	20(c)	5.28	5.47	-	-
Total Financial Liabilities		11.64	11.28	-	-

	Notes	Within 1 Year		1 to 5 years	
		2026	2025	2026	2025
		$	$	$	$
Financial Assets					
Cash or Cash Equivalents	11	-	-	-	-
Short-term Deposits	11	-	-	-	-
Accounts Receivable - Debtors	12	488,333	297,864	-	-
Total Financial Assets		488,333	297,864	-	-
Financial Liabilities					
Creditors & Accruals	18(a)	-	-	-	-
Borrowings	19	373,920	1,090,747	315,977	-
Lease Liabilities	20(c)	309,796	396,487	92,602	401,485
Total Financial Liabilities		683,716	1,487,234	408,579	401,485

	Notes	Over 5 years		Non Interest Bearing	
		2026	2025	2026	2025
		$	$	$	$
Financial Assets					
Cash or Cash Equivalents	11	-	-	-	-
Short-term Deposits	11	-	-	-	-
Accounts Receivable - Debtors	12	-	-	-	-
Total Financial Assets		-	-	-	-
Financial Liabilities					
Creditors & Accruals	18(a)	-	-	1,284,418	1,240,611
Borrowings	19	-	-	-	-
Lease Liabilities	20(c)	-	-	-	-
Total Financial Liabilities		-	-	1,284,418	1,240,611

	Notes	Total 2026 $	Total 2025 $
Financial Assets			
Cash or Cash Equivalents	11	2,160,734	923,351
Short-term Deposits	11	6,435	6,435
Accounts Receivable - Debtors	12	488,333	297,864
Total Financial Assets		2,655,502	1,227,650
Financial Liabilities			
Creditors & Accruals	18(a)	1,284,418	1,240,611
Borrowings	19	689,897	1,090,747
Lease Liabilities	20(c)	383,602	749,484
Total Financial Liabilities		2,357,917	3,080,842

Creditors and accruals are expected to be paid as follows:	2026 $	2025 $
Less than 6 months	1,284,418	1,240,611
6 months to 1 year	-	-
1 – 5 years	-	-
Over 5 years	-	-
	1,284,418	1,240,611

(c) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the Group which have been recognised on the Statement of Financial Position is the carrying amount net of any provisions for impairment.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history and credit rating.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Notes	Carrying Amount 2026 $	Carrying Amount 2025 $
Cash or Cash Equivalents	11	2,167,169	929,786
Accounts Receivable - Debtors	12	488,333	297,864
		2,655,502	1,227,650

The Group's entire exposure to credit risk for Trade Receivables was attributable to customers located in Australia.

(d) Liquidity Risk

The following are the contractual maturities of financial liabilities for the Group:

		Carrying Amount	Contracted Cash Flows	1 year or less	1-5 years	Over 5 years
		$	$	$	$	$
30 June 2026	Notes					
Financial Liabilities						
Trade and other payables	18(a)	1,284,418	1,284,418	1,284,418	-	-
Borrowings	19	689,897	689,897	373,920	315,977	-
Lease Liabilities	20(c)	383,602	402,398	309,796	92,602	-
Total financial liabilities		2,357,917	2,376,713	1,968,134	408,579	-

Lease Liabilities have been entered into subsequent to balance date.

(e) Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

		Total Carrying Amount per Statement of Financial Position		Aggregate Net Fair Values	
		2026	2025	2026	2025
Financial Instruments	Notes	$	$	$	$
Financial assets					
Cash or cash equivalents	11	2,160,734	923,351	2,160,734	923,351
Short-term bank deposits	11	6,435	6,435	6,435	6,435
Accounts Receivable - Debtors	12	488,333	297,864	488,333	297,864
Total financial assets		2,655,502	1,227,650	2,655,502	1,227,650
Financial liabilities					
Creditors and accruals	18(a)	1,284,418	1,240,611	1,284,418	1,240,611
Borrowings	19	689,897	1,090,747	689,897	1,090,747
Lease Liabilities	20(c)	383,602	749,484	383,602	749,484
Total financial liabilities		2,357,917	3,080,842	2,357,917	3,080,842

The following methods and assumptions are used to determine the net fair values of Financial Assets and Financial Liabilities:

Recognised Financial Instruments

Cash or Cash Equivalents and Short-term Deposits	These financial instruments have a short term to maturity. Accordingly it is considered that carrying amounts reflect fair values.
Accounts Receivable - Debtors	Carrying amounts reflect fair values.
Creditors and Accruals	Carrying amounts reflect fair values.
Borrowings	Carrying amounts reflect fair values.
Lease liabilities	Carrying amounts reflect fair values.

(f) Sensitivity Analysis

Interest Rate Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis

At 30 June 2026, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2026 $	2025 $
Change in profit		
Increase in interest rate by 2%	30,970	19,288
Decrease in interest rate by 2%	(30,970)	(19,288)
Change in equity		
Increase in interest rate by 2%	30,970	19,288
Decrease in interest rate by 2%	(30,970)	(19,288)

33. REGISTERED OFFICE/PRINCIPAL PLACES OF BUSINESS

Registered Office
5 Innovation Court, Kennington, Victoria.

Principal Places of Business
5 Innovation Court, Kennington, Victoria.
Floor 5, 86 Collins Street, Hobart, Tasmania.
Shop 34 Bendigo Bank Central, Bath Lane, Bendigo, Victoria

BENDIGO TELCO LIMITED
CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2026

Entity name	Entity type	Place formed / Country of incorporation	Ownership Interest %	Tax residency
BCT Shepparton Pty Ltd	Body corporate	Australia	100%	Australia *
Vicwest Community Telco Ltd	Body corporate	Australia	100%	Australia *

* Bendigo Telco Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bendigo Telco Limited (the Group), the directors of the group declare that:

1. the financial statements and notes of the Group are in accordance with the *Corporations Act 2001* , and:

   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with the International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2026 and of the performance for the year ended on that date of the consolidated group;

2. in the director's opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and continue to adopt the going concern basis of accounting as detailed in note 1;

3. the consolidated entity disclosure statement on page 57 is true and correct, and

4. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer; and

5. the audited remuneration report set out in the Directors Report (as part of the remuneration report), for the year ended 30 June 2026, comply with section 300A of the *Corporations Act 2001* and the *Corporations Regulation 2001* .

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

On behalf of the directors

Robert Hunt	Kevin Dole
Chairman	Director

Signed on 26 August 2026

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Independent auditor's report to the directors of Bendigo Telco Limited and Controlled Entities

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial report of Bendigo Telco Limited (the company) and its controlled entities (collectively the Group) is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year ended on that date, and
ii. complying with Australian Accounting Standards and *Corporations Regulations 2001*.

What we have audited

We have audited the consolidated financial report of the Group, which comprises the:

- Consolidated statement of financial position as at 30 June 2026
- Consolidated statement of profit or loss and other comprehensive income for the year then ended
- Consolidated statement of changes in equity for the year then ended
- Consolidated statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policy information, and the
- Directors' declaration of the Group.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We 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 (including Independence Standards)* (the Code) that are relevant to our audit of the consolidated 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 audit opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were most significant in our audit of the consolidated financial report of the current year. These matters were addressed in the context of our audit of the consolidated financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the consolidated financial report', including in relation to these matters. Accordingly, our audit included performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial report.

Key audit matter	How our audit addressed the matter
Going concern	
As disclosed in Note 1, the Group recorded a profit after tax of $1,054,271, generated net operating cash inflows of $1,929,443 and had cash and cash equivalents of $2,167,169 and positive working capital of $974,292 as at 30 June 2026. Notwithstanding this improved financial position, approximately 26.1% of the Group's revenue is derived from its largest customer, with the related contracts expected to cease during the 2027 financial year. Management performed a detailed assessment of the impact of the contract cessation, including forecasts incorporating the anticipated loss of revenue, customer retention initiatives, the acquisition and integration of the Luma customer base, revenue growth strategies and planned cost reductions. The assessment required significant judgement regarding future trading performance, customer retention, transition timing and the achievement of forecast cost savings. Due to the significance of the Bendigo and Adelaide Bank Limited contracts to the Group's operations and the judgement involved in assessing the Group's future financial performance and liquidity following their cessation, we considered the going concern assessment to be a key audit matter.	Our audit procedures to address the risk of material misstatement relating to going concern included: ▪ Reviewing the Group's budget and cashflow forecasts for the period extending at least twelve months from the date of approval of the financial statements and assessing the reasonableness of key assumptions, including forecast revenue, gross margins, operating expenditure and forecast cash flows. ▪ Evaluating the historical accuracy of management's forecasting processes by comparing prior period budgets to actual results and considering historical trends in revenue, margins and operating costs. ▪ Assessing management's forecast assumptions relating to the anticipated cessation of the Bendigo and Adelaide Bank Limited contracts, including the timing of the transition, planned cost reductions, revenue replacement initiatives and the integration of the Luma customer acquisition. ▪ Performing sensitivity analysis over key forecast assumptions, including customer retention rates, revenue growth, contract transition timing and the achievement of forecast cost savings, to assess the impact of reasonably possible adverse outcomes on profitability and liquidity. ▪ Reviewing the Group's liquidity position, including cash balances of $2.17 million at 30 June 2026, available banking facilities and forecast cash flows throughout the assessment period. ▪ Inspecting Board minutes and holding discussions with management regarding the Group's strategic plans, transition activities and responses to the anticipated reduction in revenue from the Bendigo & Adelaide Bank contracts.

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Key audit matter	How our audit addressed the matter
	▪ Considering the adequacy of the Group's disclosures in Note 1 with reference to the requirements of AASB 101 Presentation of Financial Statements and ASA 570 Going Concern. Based on the audit evidence obtained, we considered management's assumptions and forecasts to be reasonable in the context of the audit evidence obtained and concluded that the directors' use of the going concern basis of accounting was appropriate. While the anticipated cessation of the Bendigo & Adelaide Bank contracts during the 2027 financial year represents a significant business transition and requires the successful execution of management's strategic initiatives, we concluded that the directors' use of the going concern basis of accounting was appropriate and the Group is expected to maintain sufficient liquidity and funding capacity to meet its obligations as and when they fall due throughout the assessment period.
Revenue recognition	
The Group recognises revenue from a diverse range of telecommunications, network, managed information technology, cloud, hardware and installation services. Revenue is generated through a combination of recurring service arrangements and point-in-time sales of goods and services under AASB 15 *Revenue from Contracts with Customers*. Revenue for the year ended 30 June 2026 totalled $22.3 million. The accuracy and completeness of revenue is an inherent audit risk due to the volume of transactions processed, the complexity of billing systems and product offerings, and the use of automated processes to capture, rate and bill customer services. In addition, management is required to exercise judgement in determining the appropriate accounting treatment for new products, bundled arrangements and more complex customer contracts. Revenue was therefore considered a key audit matter.	Our audit procedures to address this matter included: ▪ Obtaining an understanding of the Group's revenue processes and performing walkthrough procedures over key revenue streams to assess the design and implementation of relevant controls. ▪ Assessing the appropriateness of the Group's revenue recognition policies and their application to significant product and service offerings, including consideration of the requirements of AASB 15 *Revenue from Contracts with Customers.* ▪ Performing analytical procedures over revenue by account on a month-by-month basis, including consideration of revenue trends, gross margins and significant fluctuations compared to prior periods and our expectations. ▪ Testing a sample of revenue transactions across material revenue streams to supporting documentation, including customer contracts, invoices and evidence of cash receipts where relevant. ▪ Performing cut-off testing around year end to assess whether revenue had been recognised in the appropriate reporting period. ▪ Evaluating the adequacy of the Group's revenue disclosures in the financial statements. Based on the procedures performed, we found the Group's revenue recognition policies to be consistent with the requirements of Australian Accounting Standards and considered revenue recognised during the year to be materially consistent with the underlying records and supporting documentation.

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Key audit matter	How our audit addressed the matter
Recoverability of the deferred tax asset	
The Group has recognised a deferred tax asset of $499,061 at 30 June 2026 in respect of carried forward tax losses and deductible temporary differences. The recoverability of the deferred tax asset is dependent on the Group generating sufficient future taxable profits to utilise these tax benefits. Management is required to exercise judgement in assessing the probability of future taxable profits and determining the extent to which deferred tax assets should be recognised. This assessment incorporates forecasts of future trading performance, including assumptions relating to the anticipated cessation of the Bendigo and Adelaide Bank Limited contracts, the integration of the Luma customer acquisition and the Group's broader revenue growth and cost management initiatives. Given the judgement involved in assessing future taxable profits and the materiality of the deferred tax asset balance, this was considered a key audit matter.	Our audit procedures to address this matter included: ▪ Assessing management's forecasts of future taxable income used to support recognition of the deferred tax asset. ▪ Evaluating the reasonableness of key assumptions within the forecasts by reference to historical trading performance, approved budgets and our understanding of the Group's business and future plans. ▪ Considering the impact of the anticipated cessation of the Bendigo and Adelaide Bank Limited contracts and management's planned mitigating actions, including revenue replacement initiatives, the Luma acquisition and forecast cost reductions. ▪ Performing sensitivity analysis over key assumptions to assess the recoverability of the deferred tax asset under reasonably possible alternative outcomes. ▪ Assessing the mathematical accuracy of the deferred tax asset calculations and considering whether the recognised balance complied with the requirements of AASB 112 *Income Taxes.* Based on the procedures performed, we found management's assumptions to be reasonable and considered the recognition of the deferred tax asset at 30 June 2026 to be supportable. We also found the related disclosures in the financial statements to be appropriate.

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Information other than the consolidated financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 but does not include the consolidated financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the consolidated financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the consolidated financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial report

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

In preparing the consolidated financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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03 5443 0344

Auditor's responsibilities for the audit of the consolidated financial report

Our objectives are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial report, including the disclosures, and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on the remuneration report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 26th day of August 2026

Jessica Ritchie
Lead Auditor

SHAREHOLDER INFORMATION

The shareholder information set out below was current as at 23 July 2026.

Distribution of Shareholders

Category	Number of Holders
1 - 1,000	129
1,001 - 5,000	218
5,001 - 10,000	61
10,001 - 100,000	58
100,001 and over	6
	472

The number of shareholdings held in less than marketable parcels is 61.

Top 10 Shareholders

Name of Shareholder	Number of Shares	% of Total Shares
Bendigo and Adelaide Bank	2,386,747	30.6%
Erskine Investments Pty Ltd	939,326	12.0%
Hunters Ridge Pty Ltd	561,264	7.2%
Ron Poyser Administrators Pty Ltd	438,400	5.6%
P.J. & D.A. Eddy Pty Ltd	280,000	3.6%
EGP PTY LTD	160,000	2.0%
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	71,058	0.9%
Total shares held by top 10 holders	5,088,795	65.18%