

Chairman and Executive General Manager's Report

A year of challenge

This year has been extremely challenging for all Australians. With drought and the devastating bushfires challenging many regions and the onset of the COVID-19 pandemic, people, businesses, communities and the economy have all been significantly impacted. Throughout this period of uncertainty and change, one thing has remained constant, that is, the health, safety and wellbeing of our staff, customers, partners and communities has remained at the forefront of our mind and influenced our priorities.

The company chose to implement its continuity plan with a focus on having most staff working at home or remotely. By doing so we were able to ensure the protection of our staff, the services we deliver to our customers and the support we provide to the communities we are committed too. As more people and businesses moved to remote working arrangements, the reliance on our services, support and infrastructure became even more critical. We made it a focus to support our customers during this challenging time and assist them to move to a new way of working using technology to support their business operations.

As these unprecedented times continue to change so too does the telecommunications industry. The continued rollout of the government NBN and the evolvement of new telco technologies have been embraced by our customers and the market. This has resulted in compressed revenues and margins from the traditional voice and data products that we have provided to our customers over the years.

Our business was formed by locals 21 years ago to overcome shortcomings in the availability, pricing, adequacy and commitment from the major telecommunication providers to our local market and its businesses. Over the years, we have provided genuine competition, improved technical outcomes for local businesses and genuine pricing or access improvements by leveraging our combined buying base and partnering commitment. Our focus today remains to provide improved outcomes for our customers and each of the communities we currently have the privilege to serve. We have successfully achieved our original objectives, while producing solid annual shareholder returns.

We still see opportunities to further enhance the service outcomes through our customer and community commitment, our technical capabilities, and our upgraded infrastructure access, while continuing to produce solid shareholder returns for the providers of our core capital. Our business has been reshaped to ensure we focus on areas where we can make the greatest contribution to success in each of our local markets. Success in our customer base and in the communities, we serve, will make us a more sustainably successful business.

With most Businesses requiring high speed data connections for their processing environments, customer servicing, cloud usage, future AI applications or other technical operations, our business is well positioned to facilitate and support this in our chosen markets. Many regional markets across Australia are not well supported by the major players and are not afforded the same access to the essential service infrastructure or support structures to take advantage of today's digital market opportunities.

There clearly remains opportunities for us to add value at both the regional customer level, and in regional economic market outcomes. We will focus on areas where we can add strategic value and vital technical support across these markets, which, as stated are not prioritised by the major telco players. We have an outstanding team of local, regionally based staff to provide the technical and support required to enable our customers to receive the first-class telco services and commitment they deserve.

The business will continue to ensure that its vision, purpose and strategy remain relevant and aligned with the key focuses of investing in our team, ensuring a quality customer experience, committing to the success of our communities, streamlining our business operations and building financial strength for all our stakeholders.

Financial Results

Our financial results this year reflect the benefits and efficiencies that the implementation of our new operating model and business reshaping has produced. Whilst total Group annual revenue decreased by 8.9%, our reshaped cost base has enabled us to maintain a comparable gross margin outcome with FY19.

The business continued to produce solid results delivering a NPAT before one-off adjustments for the financial year of \$1.79M. The one-off adjustment relates to a non-cash impairment charge of \$723k made to other non-current assets following the review and write down the carrying value of assets that do not align to our strategy or strategic priorities going forward.

Reported EBITDA increased 263.3% from prior year to \$4.65M with the Group generating strong cash flows from operating activities which increased 69.4% from the prior year to \$5,902,307.

These results have enabled our Board of Directors to declare a fully franked dividend of 9.5 cents for the final half of the year, bringing the total dividends paid from the FY20 trading year to 14.5 cents.

100 Gig City

The company has undertaken a significant investment in uplifting its core data network between Bendigo and Melbourne with ultra-high-speed, high-performance fibre-optic infrastructure.

The commissioning of this 100Gbps connection combined with our existing infrastructure will enable Bendigo to become a 'One Hundred Gigabit City' marking a transformational opportunity to enable digital connectivity which will drive innovation, attract new business across industry and support our community and its businesses.

This unprecedented work is well advanced and will result in the City of Bendigo being the first regional centre with a local circular digital economy providing enormous ICT opportunities for businesses, governments, and the community.

Following the successful implementation, our business will review future partnership opportunities for expansion into other regional centres.

The Year Ahead

As we move into FY21, it is clear that the impacts of the pandemic will be with us for some time. The business will remain committed to ensuring that we continue to prioritise the health, safety and wellbeing of our staff, customers, partners, and all our communities.

The business is well positioned to continue executing on its forward strategy and generate solid shareholder returns by focusing on key areas including:

- Product development in the strategic areas of Cloud, Security and Networking.
- Leading additional strategic conversations with our customers and partners to deliver strong outcomes for all our regions
- Promoting a positive work environment where our people feel and know they are valued and supported.
- Continue to enhance our customer experience by delivering outcomes which support their success.
- Commit to investing in the success of the communities that we are privileged to serve.
- Continue to streamline our business operations and deliver improvements in business productivity and efficiency.
- Continue to foster a sustainable business model with a focus on long term prosperity for all our stakeholders.

Acknowledgements & Thanks

During the period our Executive General Manager, Jarrod Draper left the organization to pursue career opportunities in Melbourne. Jarrod was instrumental in developing and commencing the implementation of our new operating model and forward strategy. We thank him for his contribution and wish him all the best for his future.

The Board and executive team would like to sincerely thank our shareholders, for your ongoing trust and support during the year.

To our customers and communities – thank you for allowing us the opportunity to continue to serve you across the years. It is your loyalty, trust and support that has kept us strong.

I would like to thank our Board of Directors for the leadership they have shown in guiding our business through these challenging times.

We would like to especially thank our small and highly effective executive team for their commitment to effectively implement our new operating model and for their contribution to our ongoing success.

And finally, thank you to every Bendigo Telco employee. Their dedication, resiliency and commitment to our customers, communities and co-workers during challenging and uncertain times is greatly valued and appreciated.



Rob Hunt – Chairman



Steven Wright – Executive General Manager