TOTAL TELCOM INC.
Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2020
(Unaudited)

Notice to Reader

The following condensed interim consolidated financial statements and notes have not been reviewed by the Company's auditors but have been reviewed and approved by the Company's Audit Committee and Board of Directors.

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TOTAL TELCOM INC.
Condensed Interim Consolidated Balance Sheets

	March 31, 2020 (unaudited)	June 30, 2019 (audited)
ASSETS		
CURRENT		
Cash and cash equivalents	$ **1,408,604**	$ 1,448,344
Trade and other receivables	**171,118**	148,101
Inventories	**204,643**	146,716
Prepaid expenses	**8,012**	4,877
	1,792,377	1,748,038
RENTAL EQUIPMENT (Note 4)	**151,564**	191,899
PRODUCT DEVELOPMENT (Note 5)	**916,423**	678,024
PROPERTY, PLANT AND EQUIPMENT (Note 6)	**3,917**	4,928
RIGHT OF USE ASSET (Note 7)	**291,457**	-
	$ **3,155,738**	$ 2,622,889
LIABILITIES		
CURRENT		
Trade and other payables	$ **129,842**	$ 148,156
Deferred revenue	**29,949**	51,300
Current portion of lease liability (Note 8)	**64,847**	-
	224,638	199,456
LEASE LIABILITY (Note 8)	**232,929**	-
	457,567	**199,456**
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	**1,984,288**	1,984,288
Contributed surplus	**137,530**	137,530
Retained earnings	**576,353**	301,615
	2,698,171	2,423,433
	$ **3,155,738**	$ 2,622,889

TOTAL TELCOM INC.
Condensed Interim Consolidated Statements of Income and Comprehensive Income
Unaudited

	Three months ended March 31, 2020	Three months ended March 31, 2019	Nine months ended March 31, 2020	Nine months ended March 31, 2019
SALES	**$ 444,851**	$ 319,447	**$ 1,137,491**	$ 1,067,544
COST OF SALES (Note 4)	**200,788**	146,057	**551,866**	503,275
GROSS PROFIT	**244,063**	173,390	**585,625**	564,269
GENERAL AND ADMINISTRATIVE EXPENSES	**97,860**	134,824	**269,164**	364,666
INTEREST ON LEASE LIABILITY (Note 8)	**4,613**	-	**14,579**	-
AMORTIZATION OF RIGHT OF USE ASSET (Note 7)	**17,487**	-	**52,462**	-
AMORTIZATION OF PRODUCT DEVELOPMENT COSTS (Note 5)	**16,950**	7,825	**41,250**	23,475
DEPRECIATION (Note 6)	**514**	-	**1,544**	445
	137,424	142,649	**378,999**	388,586
INCOME FROM OPERATIONS	**106,639**	30,741	**206,626**	175,683
OTHER ITEMS				
Foreign exchange gain (loss)	**56,472**	510	**59,642**	9,942
Finance income	**3,120**	2,412	**8,470**	6,282
	59,592	2,922	**68,112**	16,224
INCOME BEFORE INCOME TAXES	**166,231**	33,663	**274,738**	191,907
PROVISION FOR INCOME TAXES				
Current	**44,000**	9,000	**71,000**	51,000
Application of income tax losses carried forward	**(44,000)**	(9,000)	**(71,000)**	(51,000)
	-	-	-	-
NET INCOME AND COMPREHENSIVE INCOME	**$ 166,231**	$ 33,663	**$ 274,738**	$ 191,907
EARNINGS (LOSS) PER SHARE (Note 10)				
Basic	**$ 0.007**	$ 0.001	**$ 0.011**	$ 0.007
Diluted	**$ 0.007**	$ 0.001	**$ 0.011**	$ 0.007
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**24,965,014**	24,965,014	**24,965,014**	24,965,014

TOTAL TELCOM INC.
Condensed Interim Consolidated Statement of Changes in Equity
Unaudited

	March 31, 2020								
	Number of Shares		**Share capital**		**Contributed surplus**		**Retained Earnings**		**Total shareholders' equity**
Balance at June 30, 2019	24,965,014	$	1,984,288	$	137,530	$	301,615	$	2,423,433
Net income for the nine months ended March 31, 2020			-		-		274,738		274,738
Balance at March 31, 2020	**24,965,014**	**$**	**1,984,288**	**$**	**137,530**	**$**	**576,353**	**$**	**2,698,171**

	March 31, 2019								
	Number of Shares		**Share capital**		**Contributed surplus**		**Retained Earnings (Deficit)**		**Total shareholders' equity**
Balance at June 30, 2018	24,965,014	$	11,362,583	$	389,337	$	(9,630,102)	$	2,121,818
Reduction of stated share capital			(9,378,295)				9,378,295		-
Reduction of stated contributed surplus					(251,807)		251,807		-
Net income for the nine months ended March 31, 2019	-		-		-		191,907		191,907
Balance at March 31, 2019	**24,965,014**	**$**	**1,984,288**	**$**	**137,530**	**$**	**191,907**	**$**	**2,313,725**

TOTAL TELCOM INC.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited

	Three months ended March 31, 2020	Three months ended March 31, 2019	Nine months ended March 31, 2020	Nine months ended March 31, 2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net income for the period	**$ 166,231**	$ 33,663	**$ 274,738**	$ 191,907
Items not affecting cash:				
Amortization of rental equipment	**21,231**	18,713	**63,744**	56,479
Loss on disposal of rental equipment	**-**	1,035	**757**	6,781
Amortization of right of use asset	**17,487**	-	**52,462**	-
Amortization of product devlopment costs	**16,950**	7,825	**41,250**	23,475
Depreciation of equipment	**514**	-	**1,544**	445
	222,413	61,236	**434,495**	279,087
Net change in non-cash working capital	**(21,523)**	204,775	**(123,744)**	81,596
CASH PROVIDED BY OPERATING ACTIVITIES	**200,890**	266,011	**310,751**	360,683
FINANCING				
Lease liability principal payments	**(15,628)**	-	**(46,144)**	-
INVESTING				
Product development costs	**(90,686)**	(108,682)	**(279,649)**	(301,959)
Purchase of rental equipment	**-**	491	**(24,165)**	(42,188)
Purchase of equipment	**-**	-	**(533)**	-
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(90,686)**	(108,191)	**(304,347)**	(344,147)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**94,576**	157,820	**(39,740)**	16,536
CASH, BEGINNING OF PERIOD	**1,314,028**	1,364,595	**1,448,344**	1,505,879
CASH, END OF PERIOD	**$ 1,408,604**	$ 1,522,415	**$ 1,408,604**	$ 1,522,415
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	**$ 3,120**	$ 2,412	**$ 8,470**	$ 6,282
Interest paid on lease liability	**$ 4,613**	$ -	**$ 14,579**	$ -

1. NATURE OF OPERATIONS

Total Telcom Inc. (the "Company"), through its wholly owned subsidiary ROM Communications Inc. is a developer and provider of remote asset monitoring and tracking products and services primarily in North America.

The Company is incorporated under the Business Corporations Act of Alberta. The Company's head office is located at #540, 1632 Dickson Avenue, Kelowna, British Columbia V1Y 7T2. The Company's common shares are traded on the TSX Venture Exchange under the symbol TTZ.

2. BASIS OF PRESENTATION

These financial statements for the three and nine months ended March 31, 2020 have been prepared in accordance with International Financial Accounting Standard ("IAS") 34 *Interim Financial Reporting* on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the fiscal year ended June 30, 2019. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") have been omitted or condensed. These financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended June 30, 2019.

These condensed consolidated interim financial statements include the accounts of Total Telcom Inc. and its wholly owned subsidiary ROM Communications Inc. All intercompany balances and transactions have been eliminated.

These financial statements have been prepared on the historical cost basis except for cash and cash equivalents and share-based payment arrangements that have been measured at fair value.

All amounts are reported in Canadian dollars, unless otherwise noted.

These financial statements were approved and authorized for issue by the Board of Directors on May 28, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of interim financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended June 30, 2019 except that the Company adopted IFRS 16 effective July 1, 2019.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, leases are capitalized by recognizing the present value of the lease payments and showing them as a Right of Use Asset. If lease payments are made over time, the Company also recognizes a Lease Liability representing its obligations to make future lease payments.

The Company applied the modified retrospective approach on transition to IFRS 16. Under this approach, the Right of Use Asset was recorded at the amount equal to the Lease Liability as of the date of initial application being July 1, 2019. No restatement of opening retained earnings was required under this approach and comparative figures have not been restated to reflect the full retrospective application of IFRS 16.

4. RENTAL EQUIPMENT

		Rental Units
Cost or deemed cost		
Balance at June 30, 2019	$	316,325
Additions		24,165
Disposals		(808)
Balance at March 31, 2020		**339,682**
Depreciation and impairment losses		
Balance at June 30, 2019		124,426
Amortization		63,744
Disposals		(52)
Balance at March 31, 2019		**188,118**
Carrying amounts		
At June 30, 2019	$	191,899
At March 31, 2020	**$**	**151,564**

Cost of sales includes amortization of rental equipment in the amounts of $21,231 (2019 - $18,713) and $63,744 (2019 - $56,479) for the three and nine months ended March 31, 2020 and losses on disposal of rental units in the amount of $nil (2019 - $1,035) and $757 (2018 - $6.781) for the three and nine months ended March 31, 2020.

5. PRODUCT DEVELOPMENT

		Product Development Costs
Cost or deemed cost		
Balance at June 30, 2019	$	709,314
Additions		279,649
Disposals		-
Balance at March 31, 2020		**988,963**
Depreciation and impairment losses		
Balance at June 30, 2019		31,290
Amortization		41,250
Disposals		-
Balance at March 31, 2020		**72,540**
Carrying amounts		
At June 30, 2019	$	678,024
At March 31, 2020	**$**	**916,423**

6. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Equipment and furniture	Mobile equipment	Leasehold improvements	Total
Cost or deemed cost					
Balance at June 30, 2019	$ 64,299	$ 36,913	$ 15,896	$ 35,000	$ 152,108
Additions	533	-	-	-	533
Balance at March 31, 2020	**64,832**	**36,913**	**15,896**	**35,000**	**152,641**
Depreciation and impairment losses					
Balance at June 30, 2019	59,371	36,913	15,896	35,000	147,180
Depreciation	1,544	-	-	-	1,544
Balance at March 31, 2020	**60,915**	**36,913**	**15,896**	**35,000**	**148,724**
Carrying amounts					
At June 30, 2019	$ 4,928	$ -	$ -	$ -	$ 4,928
At March 31, 2020	**$ 3,917**	**$ -**	**$ -**	**$ -**	**$ 3,917**

7. RIGHT OF USE ASSET

		Right Of Use Asset
Cost or deemed cost		
Balance at June 30, 2019	$	-
Additions		343,920
Disposals		-
Balance at March 31, 2020	**$**	**343,920**
Depreciation and impairment losses		
Balance at June 30, 2019	$	-
Amortization		52,463
Disposals		-
Balance at March 31, 2020	**$**	**52,463**
Carrying amounts		
At June 30, 2019	$	-
At March 31, 2020	**$**	**291,457**

The Company is obligated under an operating lease for rented premises that expire in May 2024 (see Note 8). The Company has recognized a Right of Use Asset equal to the Lease Liability at July 1, 2019. This Right of Use Asset is amortized on a straight line basis over the remaining term of the lease.

8. LEASE LIABILITY

	March 31 2020	June 30 2019
Lease Liability for occupied premises requiring monthly payments of $6,747 including interest at the Company's incremental borrowing rate of 6% per annum until May 2024.	$ 297,776	$ -
Less principal amounts due within one year	64,847	-
	$ 232,929	$ -

The future minimum payments required under the lease are as follows:

	Principal	Interest	Total
2020	$ 64,847	$ 16,116	$ 80,963
2021	68,846	12,117	80,963
2022	73,093	7,870	80,963
2023	77,598	3,365	80,963
2024	13,392	102	13,494
	$ 297,776	$ 39,570	$ 337,346

9. SHARE CAPITAL

During the three and nine months ended March 31, 2020, no common shares were issued or repurchased by the Company.

10. EARNINGS (LOSS) PER SHARE

Earnings per share is calculated using the weighted average number of common shares outstanding during the period, which was 24,965,014 (2019 – 24,965,014).

11. SHARE BASED COMPENSATION

Under the Total Telcom Inc. Employee Stock Option Plan, options to purchase common shares of the Company may be granted to key employees, independent contractors and directors of the Company that entitle the holder to purchase one common share at a subscription price of not less than 100% of the market value on the effective date of the grant. The holder has the right to exercise the options immediately after issue, but the resulting shares cannot be traded until four months after the date the options were granted. Options expire five years after being issued or 90 days after an employee ceases employment with the Company. The Board of Directors has the discretion to extend the expiration period on cessation of employment.

The maximum number of common shares authorized for issuance by the Board of Directors under the plan is limited to 10% of the total issued and outstanding common shares of the Company.

Under the Employee Stock Option Plan, certain key employees and directors have the following options to purchase common shares:

(a) 250,000 common shares at $0.10 per share – options expire February 18, 2021;
(b) 100,000 common shares at $0.10 per share – options expire May 31, 2021;
(c) 830,000 common shares at $0.10 per share – options expire November 30, 2021; and
(d) 250,000 common shares at $0.20 per share – options expire April 30, 2023

The average remaining contracted life of outstanding stock options is 1.75 years.

The following stock options were outstanding as at March 31, 2020

Share options outstanding	Number of options	Weighted average exercise price	Available for issuance
Balance at June 30, 2019	1,430,000	$ 0.12	1,066,501
Exercised	-		-
Granted	-		-
Forfeited	-		-
Expired	-		-
Balance, March 31, 2020	**1,430,000**	**$ 0.12**	**1,066,501**

At March 31, 2020, all stock options were exercisable.

The fair value of any stock options granted to directors, officers, employees and independent contractors is recorded in general and administrative expenses over the vesting period with the offset recorded to contributed surplus. During the period, the Company did not issue any stock options nor did any stock options vest.

12. RELATED PARTY TRANSACTIONS

Transactions with related parties

General and administrative expenses for the three and nine months ended March 31, 2020 include \$7,500 (2019 - \$7,500) and \$22,500 (2019 - \$22,500) respectively in management fees to a company controlled by a director.

Key management personnel compensation

Aggregate compensation to the directors and key management personnel of the Company during the period was as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2020	2019	**2020**	2019
Salaries and short-term employee benefits	**$ 32,550**	$ 32,550	**$ 97,650**	$ 97,650
Management fees	**7,500**	7,500	**22,500**	22,500
Director fees	**2,500**	2,500	**7,500**	7,500
	$ 42,550	$ 42,550	**$ 127,650**	$ 127,650

Short-term employee benefits consist of salaries, bonuses, directors' fees, and all other short-term monetary and non-monetary benefits. Share-based payment benefits consist of the fair value of share-option awards expensed in the period. No long-term, post-employment or termination benefits were recognized in the three and nine months ended March 31, 2020 or 2019.

13. SEGMENTED INFORMATION

The Company operates within a single operating segment - the development and sale of remote asset monitoring and tracking products and services. Management assesses performance and makes resource decisions based on the consolidated results of operations in this operating segment.

The Company operates in the following geographical segments. Revenue is attributed to these geographical segments based on the country to which the product sales or service are delivered.

	Three months ended March 31,		Nine months ended March 31,	
	2020	2019	**2020**	2019
Revenue				
United States	$ **323,671**	$ 229,206	$ **768,998**	$ 683,870
Canada	**121,180**	87,592	**368,493**	378,541
Other	**-**	2,649	**-**	5,133
	$ **444,851**	$ 319,447	$ **1,137,491**	$ 1,067,544

The Company's revenue is broken down into the following products and services:

	Three months ended March 31,		Nine months ended March 31,	
	2020	2019	**2020**	2019
Revenue				
Communications	$ **196,041**	$ 190,924	$ **603,089**	$ 604,136
Equipment rental	**127,825**	100,881	**295,600**	283,399
Hardware sales, development and installation	**120,985**	27,642	**238,802**	180,009
	$ **444,851**	$ 319,447	$ **1,137,491**	$ 1,067,544

During the three and nine months ended March 31, 2020, the Company had two customers (2019 – one customer) that accounted for more than 10% of the Company's total revenue. The total revenue from these customers was $195,535 for the three months ended March 31, 2020 (2019 – $127,848) and $472,137 for the nine months ended March 31, 2020 (2019 - $399,533).

Non-current assets consists of equipment and rental equipment. Equipment is located in entirely in Canada, but the location of the rental equipment varies depending on where the units are being used. For the nine months ended March 31, 2020, the rental equipment was used exclusively in the United States.