TOTAL TELCOM INC.
Condensed Interim Consolidated Financial Statements
For the three months ended September 30, 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

	September 30, 2020 (unaudited)	June 30, 2020 (audited)
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 1,477,872**	$ 1,434,662
Trade and other receivables	**207,812**	200,158
Inventories	**130,297**	178,297
Prepaid expenses	**16,232**	6,171
	1,832,213	1,819,288
RENTAL EQUIPMENT (Note 4)	**124,455**	143,298
PRODUCT DEVELOPMENT (Note 5)	**1,099,794**	1,016,818
PROPERTY, PLANT AND EQUIPMENT (Note 6)	**2,464**	2,957
RIGHT OF USE ASSET (Note 7)	**256,482**	273,970
	$ 3,315,408	$ 3,256,331
LIABILITIES		
CURRENT		
Trade and other payables	**$ 137,159**	$ 165,076
Deferred revenue	**19,947**	24,425
Current portion of lease liability (Note 8)	**66,833**	65,833
	223,939	255,334
LEASE LIABILITY (Note 8)	**199,068**	216,126
LONG TERM DEBT (Note 9)	**40,000**	40,000
	463,007	511,460
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	**1,984,288**	1,984,288
Contributed surplus	**137,530**	137,530
Retained earnings	**730,583**	623,053
	2,852,401	2,744,871
	$ 3,315,408	$ 3,256,331

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

	Three months ended September 30, 2020	2019
SALES	**$ 487,217**	$ 420,347
COST OF SALES (Note 4)	**227,662**	196,008
GROSS PROFIT	**259,555**	224,339
GENERAL AND ADMINISTRATIVE EXPENSES	**91,023**	89,779
INTEREST ON LEASE LIABILITY (Note 8)	**4,182**	5,124
AMORTIZATION OF RIGHT OF USE ASSET (Note 7)	**17,487**	17,487
AMORTIZATION OF PRODUCT DEVELOPMENT COSTS (Note 5)	**18,000**	11,700
DEPRECIATION (Note 6)	**493**	493
	131,185	124,583
INCOME FROM OPERATIONS	**128,370**	99,756
OTHER ITEMS		
Foreign exchange gains (losses)	**(23,547)**	8,532
Finance income	**2,707**	2,469
	(20,840)	11,001
INCOME BEFORE INCOME TAXES	**107,530**	110,757
PROVISION FOR INCOME TAXES		
Current	**28,000**	28,000
Application of income tax losses carried forward	**(28,000)**	(28,000)
	-	-
NET INCOME AND COMPREHENSIVE INCOME	**$ 107,530**	$ 110,757
EARNINGS (LOSS) PER SHARE (Note 9)		
Basic	**$ 0.004**	$ 0.004
Diluted	**$ 0.004**	$ 0.004
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**24,965,014**	24,965,014

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

	2020								
	Number of shares		**Share capital**		**Contributed surplus**		**Retained Earnings**		**Total shareholders' equity**
Balance at June 30, 2020	24,965,014	$	1,984,288	$	137,530	$	623,053	$	2,744,871
Net income for the three months ended September 30, 2019			-		-		107,530		107,530
Balance at September 30, 2019	**24,965,014**	**$**	**1,984,288**	**$**	**137,530**	**$**	**730,583**	**$**	**2,852,401**

	2019								
	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 three months ended September 30, 2019			-		-		110,757		110,757
Balance at September 30, 2018	**24,965,014**	**$**	**1,984,288**	**$**	**137,530**	**$**	**412,372**	**$**	**2,534,190**

TOTAL TELCOM INC.
Condensed Interim Consolidated Statements of Cash Flows
Unaudited

	Three months ended September 30	
	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net income for the period	**$ 107,530**	$ 110,757
Items not affecting cash:		
Amortization of rental equipment	**18,310**	21,282
Loss on disposal of rental equipment	**533**	757
Amortization of right of use asset	**17,487**	17,487
Amortization of product development costs	**18,000**	11,700
Depreciation	**493**	493
	162,353	162,476
Net change in non-cash working capital	**(2,109)**	26,121
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**160,244**	188,597
FINANCING		
Lease liability principal payments	**(16,058)**	-15,117
INVESTING		
Purchase of rental equipment	**-**	-24,165
Product development costs	**(100,976)**	-93,799
	(100,976)	(117,964)
Net increase in cash and cash equivalents	**43,210**	55,516
CASH, BEGINNING OF PERIOD	**1,434,662**	1,448,344
CASH, END OF PERIOD	**$ 1,477,872**	$ 1,503,860
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest received	**$ 2,707**	$ 2,469
Interest paid on lease liability	**$ 4,182**	$ 5,124

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 months ended September 30, 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, 2020. 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, 2020.

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 November 26, 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, 2020.

4. RENTAL EQUIPMENT

		Rental Units
Cost or deemed cost		
Balance at June 30, 2020	$	349,981
Additions		-
Disposals		(1,488)
Balance at September 30, 2020	**$**	**348,493**
Depreciation and impairment losses		
Balance at June 30, 2020	$	206,683
Amortization		18,310
Disposals		(955)
Balance at September 30, 2020	**$**	**224,038**
Carrying amounts		
At June 30, 2020	$	143,298
At September 30, 2020	**$**	**124,455**

Cost of sales includes $18,310 (September 30, 2019 - $21,282) for amortization of rental units and a loss of disposal of rental units of $533 (September 30, 2019 – $757).

5. PRODUCT DEVELOPMENT

		Product Development Costs
Cost or deemed cost		
Balance at June 30, 2020	$	1,119,753
Additions		100,976
Disposals		-
Balance at September 30, 2020	**$**	**1,220,729**
Depreciation and impairment losses		
Balance at June 30, 2020	$	102,935
Amortization		18,000
Disposals		-
Balance at September 30, 2020	**$**	**120,935**
Carrying amounts		
At June 30, 2020	$	1,016,818
At September 30, 2020	**$**	**1,099,794**

6. PROPERTY, PLANT AND EQUIPMENT

		Computer equipment		Equipment and furniture		Mobile equipment		Leasehold improvements		Total
Cost or deemed cost										
Balance at June 30, 2020	$	64,299	$	36,913	$	15,896	$	35,000	$	152,108
Additions		-		-				-		-
Balance at September 30, 2020	**$**	**64,299**	**$**	**36,913**	**$**	**15,896**	**$**	**35,000**	**$**	**152,108**
Depreciation and impairment losses										
Balance at June 30, 2020	$	61,342	$	36,913	$	15,896	$	35,000	$	149,151
Depreciation		493		-		-		-		493
Balance at September 30, 2020	**$**	**61,835**	**$**	**36,913**	**$**	**15,896**	**$**	**35,000**	**$**	**149,644**
Carrying amounts										
At June 30, 2020	$	2,957	$	-	$	-	$	-	$	2,957
Balance at September 30, 2020	**$**	**2,464**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**2,464**

7. RIGHT OF USE ASSET

		Right Of Use Asset
Cost or deemed cost		
Balance at June 30, 2020	$	343,919
Additions		-
Disposals		-
Balance at September 30, 2020	**$**	**343,919**
Depreciation and impairment losses		
Balance at June 30, 2020	$	69,950
Amortization		17,487
Disposals		-
Balance at September 30, 2020	**$**	**87,437**
Carrying amounts		
At June 30, 2020	$	273,969
At September 30, 2020	**$**	**256,482**

8. LEASE LIABILITY

The lease liability includes a lease for occupied premises requiring monthly payments totaling $6,747 including interest at the Compan's incremental borrowing rate of 6% per annum until May 2024.

		Lease Liability
Balance at June 30, 2020	$	281,959
Additions		-
Repayments		(20,240)
Interest		4,182
Balance at September 30, 2020		265,901
Less Current Portion		(66,833)
Lease Liability - long term portion	$	199,068

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

		Principal		Interest		Total
2021	$	66,833	$	14,130	$	80,963
2022		70,956		10,007		80,963
2023		75,331		5,632		80,963
2024		52,781		1,195		53,976
	$	265,901	$	30,964	$	296,865

9. LONG TERM DEBT

	September 30 2020	June 30 2020
Canada Emergency Business Account (CEBA) loan. This loan bears no interest until December 31, 2022 and provided 75% of the balance borrowed is repaid by that time, the remaining 25% will be forgiven. If not repaid by that time the full loan is payable in equal monthly instalments from January 1, 2023 to December 31, 2025 plus interest at 5% per annum.	$ 40,000	$ 40,000
Less principal amounts due within one year	-	-
	$ 40,000	$ 40,000

As of the date of these financial statements management intends to repay the $30,000 required by December 31, 2022 in order to access the forgiveness of the remaining $10,000 at that time.

10. SHARE CAPITAL

During the quarter, no common shares were issued or repurchased by the Company.

11. EARNINGS 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).

12. 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 1.25 years.

The following stock options were outstanding as at September 30, 2020:

Share options outstanding	Number of options	Weighted average exercise price
Balance at June 30, 2020	1,430,000	$ 0.12
Exercised	-	
Granted	-	
Expired	-	
Forfeited	-	
Balance, September 30, 2020	**1,430,000**	**$ 0.12**

At September 30, 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.

13. RELATED PARTY TRANSACTIONS

Transactions with related parties

General and administrative expenses include $7,500 (2019 - $7,500) management fees payable 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 September 30,			
		2020		2019
Salareies and short-term employee benefits	**$**	**32,550**	$	32,550
Management fees		**7,500**		7,500
Director fees		**2,500**		2,500
	$	**42,550**	$	42,550

Salaries and 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. There were no share-based benefits paid in the three months ended September 30, 2020 or 2019. No long-term, post-employment or termination benefits were recognized in the three months ended September 30, 2020 or the three months ended September 30, 2019.

14. 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 September 30,	
	2020	2019
Revenue		
United States	$ **346,602**	$ 277,454
Canada	**140,615**	142,893
	$ **487,217**	$ 420,347

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

	Three months ended September 30,	
	2020	2019
Revenue		
Equipment rental	$ **172,799**	$ 150,872
Hardware sales, devlopment and installation	**166,236**	68,613
Communications	**148,182**	200,862
	$ **487,217**	$ 420,347

During the three months ended September 30, 2020, the Company had two customers (2019 – one customers) that each accounted for more than 10% of the Company's total revenue. The total revenue from these customer was $162,883 (2019 – $125,871).

Non-current assets consists equipment, right of use asset and rental equipment. The equipment and right of use asset are located in entirely in Canada, but the location of the rental equipment varies depending on where the units are being used. For the quarter ended September 30, 2020, the rental equipment was used exclusively in the United States.