TOTAL TELCOM INC.
Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2021
(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.

TABLE OF CONTENTS

TOTAL TELCOM INC.
Condensed Interim Consolidated Balance Sheets

	March 31, 2021 (unaudited)	June 30, 2020 (audited)
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 1,706,499**	$ 1,434,662
Trade and other receivables	**195,983**	200,158
Government subsidies receivables	**27,605**	-
Inventories	**98,297**	178,297
Prepaid expenses	**9,033**	6,171
	2,037,417	1,819,288
RENTAL EQUIPMENT (Note 4)	**92,511**	143,298
PRODUCT DEVELOPMENT (Note 5)	**1,168,291**	1,016,818
PROPERTY, PLANT AND EQUIPMENT (Note 6)	**1,479**	2,957
RIGHT OF USE ASSET (Note 7)	**208,150**	273,970
	$ 3,507,848	$ 3,256,331
LIABILITIES		
CURRENT		
Trade and other payables	**$ 105,108**	$ 165,076
Deferred revenue	**104,766**	24,425
Current portion of lease liability (Note 8)	**68,846**	65,833
	278,720	255,334
LEASE LIABILITY (Note 8)	**164,083**	216,126
LONG TERM DEBT (Note 9)	**40,000**	40,000
	482,803	**511,460**
SHAREHOLDERS' EQUITY		
Share capital	**2,018,538**	1,984,288
Contributed surplus	**158,530**	137,530
Retained earnings	**847,977**	623,053
	3,025,045	2,744,871
	$ 3,507,848	$ 3,256,331

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

	Three months ended March 31, **2021**	Three months ended March 31, 2020	Nine months ended March 31, **2021**	Nine months ended March 31, 2020
SALES	**$ 524,402**	$ 444,851	**$ 1,324,644**	$ 1,137,491
COST OF SALES (Note 4)	**255,192**	200,788	**626,188**	551,866
GROSS PROFIT	**269,210**	244,063	**698,456**	585,625
GENERAL AND ADMINISTRATIVE EXPENSES	**117,481**	97,860	**279,220**	269,164
INTEREST ON LEASE LIABILITY (Note 8)	**3,613**	4,613	**11,692**	14,579
AMORTIZATION OF RIGHT OF USE ASSET (Note 7)	**16,594**	17,487	**51,332**	52,462
AMORTIZATION OF PRODUCT DEVELOPMENT COSTS (Note 5)	**31,000**	16,950	**75,000**	41,250
DEPRECIATION (Note 6)	**492**	514	**1,478**	1,544
	169,180	137,424	**418,722**	378,999
INCOME FROM OPERATIONS	**100,030**	106,639	**279,734**	206,626
OTHER ITEMS				
Government Grant (Note 9)	**-**	-	**20,000**	-
Foreign exchange gain (loss)	**(13,290)**	56,472	**-79,707**	59,642
Finance income	**953**	3,120	**4,897**	8,470
	(12,337)	59,592	**(54,810)**	68,112
INCOME BEFORE INCOME TAXES	**87,693**	166,231	**224,924**	274,738
PROVISION FOR INCOME TAXES				
Current	**24,000**	44,000	**60,000**	71,000
Application of income tax losses carried forward	**(24,000)**	(44,000)	**(60,000)**	(71,000)
	-	-	**-**	-
NET INCOME AND COMPREHENSIVE INCOME	**$ 87,693**	$ 166,231	**$ 224,924**	$ 274,738
EARNINGS (LOSS) PER SHARE				
Basic	**$ 0.003**	$ 0.007	**$ 0.009**	$ 0.011
Diluted	**$ 0.003**	$ 0.007	**$ 0.009**	$ 0.011
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**25,131,681**	24,965,014	**25,020,570**	24,965,014

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

	March 31, 2021								
	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
Shares issued from exercise of stock options	250,000		25,000		-		-		25,000
Contributed surplus transferred on exercise of stock options	-		9,250		(9,250)		-		-
Share-based compensation related to share options granted and vested (note 10)	-		-		30,250		-		30,250
Net income for the nine months ended March 31, 2021	-		-		-		224,924		224,924
Balance at March 31, 2020	**25,215,014**	**$**	**2,018,538**	**$**	**158,530**	**$**	**847,977**	**$**	**3,025,045**

	March 31, 2020								
	Number of Shares		**Share capital**		**Contributed surplus**		**Retained Earnings (Deficit)**		**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**

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

	Three months ended March 31, 2021	Three months ended March 31, 2020	Nine months ended March 31, 2021	Nine months ended March 31, 2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net income for the period	**$ 87,693**	$ 166,231	**$ 224,924**	$ 274,738
Items not affecting cash:				
Share-based compensation	**30,250**	-	**30,250**	-
Amortization of rental equipment	**15,078**	21,231	**50,254**	63,744
Loss (gain) on disposal of rental equipment	**-**	0	**87**	757
Amortization of right of use asset	**16,594**	17,487	**51,332**	52,462
Amortization of product devlopment costs	**31,000**	16,950	**75,000**	41,250
Depreciation of equipment	**492**	514	**1,478**	1,544
	181,107	222,413	**433,325**	434,495
Net change in non-cash working capital	**45,060**	-21,523	**74,081**	-123,744
CASH PROVIDED BY OPERATING ACTIVITIES	**226,167**	200,890	**507,406**	310,751
FINANCING				
Proceeds from exercise of stock options	**25,000**	-	**25,000**	-
Lease liability principal payments	**(16,627)**	(15,628)	**(49,030)**	(46,144)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**8,373**	(15,628)	**(24,030)**	(46,144)
INVESTING				
Product development costs	**(56,869)**	(90,686)	**(226,473)**	(279,649)
Rent subsidy applied against right of use asset	**8,200**	-	**14,488**	-
Proceeds on disposal of rental equipment	**-**	-	**446**	-
Purchase of rental equipment	**-**	-	**-**	(24,165)
Purchase of equipment	**-**	-	**-**	(533)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(48,669)**	(90,686)	**(211,539)**	(304,347)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**185,871**	94,576	**271,837**	(39,740)
CASH, BEGINNING OF PERIOD	**1,520,628**	1,314,028	**1,434,662**	1,448,344
CASH, END OF PERIOD	**$ 1,706,499**	$ 1,408,604	**$ 1,706,499**	$ 1,408,604
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	**$ 953**	$ 3,120	**$ 4,897**	$ 8,470
Interest paid on lease liability	**$ 3,613**	$ 4,613	**$ 11,692**	$ 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, 2021 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 May 26, 2021.

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 March 31, 2021		**348,493**
Depreciation and impairment losses		
Balance at June 30, 2020		206,683
Amortization		50,254
Disposals		(955)
Balance at March 31, 2021		**255,982**
Carrying amounts		
At June 30, 2020	$	143,298
At March 31, 2021	**$**	**92,511**

Cost of sales includes amortization of rental equipment in the amounts of $15,078 (2020 - $21,231) and $50,25 (2020 - $63,744) for the three and nine months ended March 31, 2021 and losses on disposal of rental units in the amount of $nil (2020 - $nil) and $87 (2020 - $757) for the three and nine months ended March 31, 2021.

5. PRODUCT DEVELOPMENT

		Product Development Costs
Cost or deemed cost		
Balance at June 30, 2020	$	1,119,753
Additions		226,473
Disposals		-
Balance at March 31, 2021		**1,346,226**
Depreciation and impairment losses		
Balance at June 30, 2020		102,935
Amortization		75,000
Disposals		-
Balance at March 31, 2020		**177,935**
Carrying amounts		
At June 30, 2020	$	1,016,818
At March 31, 2021	**$**	**1,168,291**

Additions to product development costs for the nine months ended March 31, 2021 are net of $60,948 of wage subsidies received on wages related to product development activities.

General and administrative expenses are net of $21,648 of wage subsidies received on wages related to general overhead expenses.

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 March 31, 2021	**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	1,478	-	-	-	1,478
Balance at March 31, 2021	**62,820**	**36,913**	**15,896**	**35,000**	**150,629**
Carrying amounts					
At June 30, 2020	$ 2,957	$ -	$ -	$ -	$ 2,957
At March 31, 2021	**$ 1,479**	**$ -**	**$ -**	**$ -**	**$ 1,479**

7. RIGHT OF USE ASSET

	Right Of Use Asset
Cost or deemed cost	
Balance at June 30, 2020	$ 343,920
Additions	-
Rent subsidies applied against cost	(14,488)
Disposals	-
Balance at March 31, 2021	**$ 329,432**
Depreciation and impairment losses	
Balance at June 30, 2020	$ 69,950
Amortization	51,332
Disposals	-
Balance at March 31, 2021	**$ 121,282**
Carrying amounts	
At June 30, 2020	$ 273,970
At March 31, 2020	**$ 208,150**

8. LEASE LIABILITY

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

		Lease Liability
Balance at June 30, 2020	$	281,959
Additions		-
Repayments		(60,722)
Interest		11,692
Balance at March 31, 2021		232,929
Less Current Portion		(68,846)
Lease Liability - long term portion	$	164,083

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

		Principal		Interest		Total
2021	$	68,846	$	12,117	$	80,963
2022		73,093		7,870		80,963
2023		77,598		3,365		80,963
2024		13,392		142		13,534
	$	232,929	$	23,494	$	256,423

9. LONG TERM DEBT

		March 31 2021		June 30 2020
Canada Emergency Business Account (CEBA) loan. This loan bears no interest until December 31, 2022 and provided $40,000 of the balance borrowed is repaid by that time, the remaining $20,000 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.	$	60,000	$	40,000
Less government grant income recognized to adjust loan to fair value		(20,000)		-
	$	40,000	$	40,000

10. 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) 100,000 common shares at $0.10 per share – options expire May 31, 2021;
(b) 830,000 common shares at $0.10 per share – options expire November 30, 2021;
(c) 250,000 common shares at $0.20 per share – options expire April 30, 2023; and
(d) 250,000 common shares at $0.15 per share – options expire March 3, 2026;

The average remaining contracted life of outstanding stock options is 1.62 years.

10. SHARE BASED COMPENSATION (CONTINUED)

The following stock options were outstanding as at March 31, 2021

Share options outstanding	Number of options		Weighted average exercise price	Available for issuance
Balance at June 30, 2020	1,430,000	$	0.12	1,066,501
Exercised	(250,000)	$	0.10	250,000
Granted	250,000	$	0.15	(250,000)
Forfeited	-			-
Expired	-			-
Balance, March 31, 2021	**1,430,000**	**$**	**0.13**	**1,066,501**

At March 31, 2021, 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 issued 250,000 stock options. These options were valued at $30,250 in aggregate using the Black-Scholes Option pricing model. This share based compensation is included in general and administrative expenses with an offset to contributed surplus.

<u>Inputs for measurement of grant date fair values</u>

The following inputs were used in the measurement of the fair value at grant date of the share-based compensation plan:

	2021	2020
Fair value of share options and assumptions		
Share price at grant date	$ 0.16	n/a
Exercise price	$ 0.15	n/a
Expected volatility	101%	n/a
Option life	5 years	n/a
Expected dividends	0	n/a
Risk-free interest rate	1%	n/a

11. RELATED PARTY TRANSACTIONS

Transactions with related parties

General and administrative expenses for the three and nine months ended March 31, 2021 include $7,500 (2020 - $7,500) and $22,500 (2020 - $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,	
	2021	2020	**2021**	2020
Salaries and short-term employee benefits	**$ 32,550**	$ 32,550	**$ 97,650**	$ 97,650
Share based compensation	**30,250**	-	**30,250**	-
Management fees	**7,500**	7,500	**22,500**	22,500
Director fees	**2,500**	2,500	**7,500**	7,500
	$ 72,800	$ 42,550	**$ 157,900**	$ 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, 2021 or 2020.

12. 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,	
	2021	2020	**2021**	2020
Revenue				
United States	$ **400,184**	$ 323,671	$ **955,604**	$ 768,998
Canada	**124,218**	121,180	**369,040**	368,493
	$ **524,402**	$ 444,851	$ **1,324,644**	$ 1,137,491

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

	Three months ended March 31,		Nine months ended March 31,	
	2021	2020	**2021**	2020
Revenue				
Equipment rental	$ **229,869**	$ 127,825	$ **512,500**	$ 295,600
Hardware sales, development and installation	**182,901**	120,985	**415,012**	238,802
Communications	**111,632**	196,041	**397,132**	603,089
	$ **111,632**	$ 444,851	$ **1,324,644**	$ 1,137,491

During the three and nine months ended March 31, 2021, the Company had two customers (2020 – two customers) that accounted for more than 10% of the Company's total revenue. The total revenue from these customers was $170,315 for the three months ended March 31, 2021 (2020 – $195,535) and $432,184 for the nine months ended March 31, 2021 (2020 - $472,137).

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, 2021, the rental equipment was used exclusively in the United States.