TOTAL TELCOM INC.
Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 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.

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TOTAL TELCOM INC.
Condensed Interim Consolidated Balance Sheets

	September 30, 2021 (unaudited)	June 30, 2021 (audited)
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 1,830,653**	$ 1,791,631
Trade and other receivables	**163,774**	166,829
Inventories	**170,943**	149,943
Prepaid expenses	**16,784**	6,213
	2,182,154	2,114,616
RACE MANAGEMENT EQUIPMENT (Note 4)	**63,330**	77,833
PRODUCT DEVELOPMENT (Note 5)	**1,026,715**	974,848
PROPERTY, PLANT AND EQUIPMENT (Note 6)	**739**	986
RIGHT OF USE ASSETS (Note 7)	**198,450**	223,272
DEFERRED INCOME TAX ASSET	**503,000**	524,000
	$ 3,974,388	$ 3,915,555
LIABILITIES		
CURRENT		
Trade and other payables	**$ 173,793**	$ 131,550
Deferred revenue	**35,418**	63,095
Current portion of lease liability (Note 8)	**75,437**	74,342
	284,648	268,987
LEASE LIABILITIES (Note 8)	**158,680**	177,932
LONG TERM DEBT (Note 9)	**40,000**	40,000
	483,328	486,919
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	**2,032,238**	2,032,238
Contributed surplus	**134,250**	165,030
Retained earnings	**1,324,572**	1,231,368
	3,491,060	3,428,636
	$ 3,974,388	$ 3,915,555

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

	Three months ended September 30, 2021	2020
SALES	**$ 320,435**	$ 487,217
COST OF SALES (Note 4)	**142,078**	227,662
GROSS PROFIT	**178,357**	259,555
GENERAL AND ADMINISTRATIVE EXPENSES	**80,413**	91,023
INTEREST ON LEASE LIABILITY (Note 8)	**3,443**	4,182
AMORTIZATION OF RIGHT OF USE ASSETS (Note 7)	**17,461**	17,487
AMORTIZATION OF PRODUCT DEVELOPMENT COSTS (Note 5)	**22,000**	18,000
DEPRECIATION (Note 6)	**247**	493
	123,564	131,185
INCOME FROM OPERATIONS	**54,793**	128,370
OTHER ITEMS		
Foreign exchange gains (losses)	**27,539**	(23,547)
Finance income	**1,092**	2,707
	28,631	(20,840)
INCOME BEFORE INCOME TAXES	**83,424**	107,530
PROVISION FOR DEFERRED INCOME TAXES	**21,000**	-
NET INCOME AND COMPREHENSIVE INCOME	**$ 62,424**	$ 107,530
EARNINGS (LOSS) PER SHARE (Note 11)		
Basic	**$ 0.002**	$ 0.004
Diluted	**$ 0.002**	$ 0.004
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**25,315,014**	24,965,014

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

	2021								
	Number of shares		**Share capital**		**Contributed surplus**		**Retained Earnings**		**Total shareholders' equity**
Balance at June 30, 2021	25,315,014	$	2,032,238	$	165,030	$	1,231,368	$	3,428,636
Contributed surplus transferred on stock options forfeited			-		(30,780)		30,780		-
Net income for the three months ended September 30, 2021			-		-		62,424		62,424
Balance at September 30, 2021	**25,315,014**	**$**	**2,032,238**	**$**	**134,250**	**$**	**1,324,572**	**$**	**3,491,060**

	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, 2020			-		-		107,530		107,530
Balance at September 30, 2020	**24,965,014**	**$**	**1,984,288**	**$**	**137,530**	**$**	**730,583**	**$**	**2,852,401**

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

	Three months ended September 30	
	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net income for the period	**$ 62,424**	$ 107,530
Items not affecting cash:		
Deferred income tax expense	**21,000**	-
Amortization of race management equipment	**15,078**	18,310
Loss on disposal of race management equipment	**393**	533
Amortization of right of use asset	**17,461**	17,487
Amortization of product development costs	**22,000**	18,000
Depreciation	**247**	493
	138,603	162,353
Net change in non-cash working capital	**(13,950)**	-2,109
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**124,653**	160,244
FINANCING		
Lease liability principal payments	**(18,157)**	-16,058
Government rent subsidies received	**7,361**	-
CASH USED IN FINANCING ACTIVITIES	**(10,796)**	**(16,058)**
INVESTING		
Purchase of race management equipment	**(968)**	-
Product development costs	**(73,867)**	-100,976
CASH USED IN INVESTING ACTIVITIES	**(74,835)**	(100,976)
Net increase in cash and cash equivalents	**39,022**	43,210
CASH, BEGINNING OF PERIOD	**1,791,631**	1,434,662
CASH, END OF PERIOD	**$ 1,830,653**	$ 1,477,872
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest received	**$ 1,092**	$ 2,707
Interest paid on lease liability	**$ 3,443**	$ 4,182

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, 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, 2021. 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, 2021.

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 22, 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, 2021.

4. RACE MANAGEMENT EQUIPMENT

		Race Management Equipment
Cost or deemed cost		
Balance at June 30, 2021	$	341,675
Additions		968
Disposals		(1,935)
Balance at September 30, 2021	**$**	**340,708**
Depreciation and impairment losses		
Balance at June 30, 2021	$	263,842
Amortization		15,078
Disposals		(1,542)
Balance at September 30, 2021	**$**	**277,378**
Carrying amounts		
At June 30, 2021	$	77,833
At September 30, 2021	**$**	**63,330**

Cost of sales includes $15,078 (September 30, 2020 - $18,310) for amortization of race management equipment and a loss of disposal of race management equipment of $393 (September 30, 2020 – $533).

5. PRODUCT DEVELOPMENT

		Product Development Costs
Cost or deemed cost		
Balance at June 30, 2021	$	1,161,673
Additions		73,867
Disposals		-
Balance at September 30, 2021	**$**	**1,235,540**
Depreciation and impairment losses		
Balance at June 30, 2021	$	186,825
Amortization		22,000
Disposals		-
Balance at September 30, 2020	**$**	**208,825**
Carrying amounts		
At June 30, 2021	$	974,848
At September 30, 2021	**$**	**1,026,715**

6. PROPERTY, PLANT AND EQUIPMENT

		Computer equipment		Equipment and furniture		Leasehold improvements		Total
Cost or deemed cost								
Balance at June 30, 2021	$	64,299	$	36,913	$	35,000	$	136,212
Additions		-		-		-		-
Balance at September 30, 2021	**$**	**64,299**	**$**	**36,913**	**$**	**35,000**	**$**	**136,212**
Depreciation and impairment losses								
Balance at June 30, 2021	$	63,313	$	36,913	$	35,000	$	135,226
Depreciation		247		-		-		247
Balance at September 30, 2021	**$**	**63,560**	**$**	**36,913**	**$**	**35,000**	**$**	**135,473**
Carrying amounts								
At June 30, 2021	$	986	$	-	$	-	$	986
Balance at September 30, 2021	**$**	**739**	**$**	**-**	**$**	**-**	**$**	**739**

7. RIGHT OF USE ASSET

		Right Of Use Assets
Cost or deemed cost		
Balance at June 30, 2021	$	362,652
Additions		-
Disposals		(7,361)
Balance at September 30, 2021	**$**	**355,291**
Depreciation and impairment losses		
Balance at June 30, 2021	$	139,380
Amortization		17,461
Disposals		-
Balance at September 30, 2021	**$**	**156,841**
Carrying amounts		
At June 30, 2021	$	223,272
At September 30, 2021	**$**	**198,450**

8. LEASE LIABILITIES

The lease liabilites include 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 and a lease for a vehicle requiring monthly payments totaling $453 including interest at 2.9% per annum until March 2025 and a final payment of $18,825 in April 2025.

		Lease Liabilities
Balance at June 30, 2021	$	252,274
Additions		-
Repayments		(21,600)
Interest		3,443
Balance at September 30, 2021		234,117
Less Current Portion		(75,437)
Lease Liability - long term portion	$	158,680

The future minimum payments required under these leases are as follows:

		Principal		Interest		Total
2022	$	75,437	$	10,963	$	86,400
2023		79,945		6,455		86,400
2024		57,528		1,884		59,412
2025		21,208		335		21,543
	$	234,118	$	19,637	$	253,755

9. LONG TERM DEBT

	September 30 2021	June 30 2021
Canada Emergency Business Account (CEBA) loan. This loan bears no interest until December 31, 2022 and provided $40,000 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	$ 60,000
Less fair value adjustment	(20,000)	(20,000)
	$ 40,000	$ 40,000

As of the date of these financial statements management is reasonably assured that the Company will repay the $40,000 prior to December 31, 2022.

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 25,315,014 (2020 – 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) 675,000 common shares at $0.10 per share – options expire November 30, 2021;
(b) 250,000 common shares at $0.20 per share – options expire April 30, 2023;
(c) 250,000 common shares at $0.15 per share – options expire March 3, 2026; and
(d) 100,000 common shares at $0.15 per share – options expire May 31, 2026

The average remaining contracted life of outstanding stock options is 1.63 years.

The following stock options were outstanding as at September 30, 2021:

Share options outstanding	**Number of options**		**Weighted average exercise price**
Balance at June 30, 2021	1,430,000	$	0.13
Exercised	-		
Granted	-		
Expired	-		
Forfeited	(155,000)	$	0.10
Balance, September 30, 2021	**1,275,000**	**$**	**0.13**

At September 30, 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 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 (2020 - $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,			
		2021		2020
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, 2021 or 2020. No long-term, post-employment or termination benefits were recognized in the three months ended September 30, 2021 or the three months ended September 30, 2020.

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,	
	2021	2020
Revenue		
United States	$ **237,629**	$ 346,602
Canada	**82,806**	140,615
	$ **320,435**	$ 487,217

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

	Three months ended September 30,	
	2021	2020
Revenue		
Race Management services	$ **183,567**	$ 172,799
Communications	**120,637**	148,182
Hardware sales, devlopment and installation	**16,231**	166,236
	$ **320,435**	$ 487,217

During the three months ended September 30, 2021, the Company had one customer (2020 – two customers) that each accounted for more than 10% of the Company's total revenue. The total revenue from these customer was $54,062 (2020 – $162,883).

Non-current assets consists equipment, right of use asset and race management equipment. The equipment and right of use asset are located in entirely in Canada, but the location of the race management equipment varies depending on where the units are being used. For the quarter ended September 30, 2021, the race management equipment was used exclusively in the United States.