TOTAL TELCOM INC.
Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2024

(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, 2024 (unaudited)		June 30, 2023 (audited)
ASSETS				
CURRENT				
Cash and cash equivalents	**$**	**294,624**	$	1,255,685
Term deposits		**2,507,559**		1,148,494
Trade and other receivables		**143,560**		405,052
Inventories		**326,549**		300,389
Prepaid expenses		**10,395**		6,997
		3,282,687		3,116,617
RACE MANAGEMENT EQUIPMENT (Note 4)		**80,418**		2,129
PRODUCT DEVELOPMENT (Note 5)		**1,372,402**		1,356,888
PROPERTY, PLANT AND EQUIPMENT (Note 6)		**5,507**		7,537
RIGHT OF USE ASSETS (Note 7)		**58,297**		112,193
DEFERRED INCOME TAX ASSETS		**267,000**		333,000
	$	**5,066,311**	$	4,928,364
LIABILITIES				
CURRENT				
Trade and other payables	**$**	**188,145**	$	222,811
Deferred revenue		**39,003**		45,360
Current portion of lease liabilities (Note 8)		**24,148**		82,490
Current portion of long term debt		**-**		40,000
		251,296		390,661
LEASE LIABILITIES (Note 8)		**37,779**		45,773
		289,075		436,434
SHAREHOLDERS' EQUITY				
Share capital		**2,273,498**		2,181,748
Contributed surplus		**160,245**		144,025
Retained earnings		**2,343,493**		2,166,157
		4,777,236		4,491,930
	$	**5,066,311**	$	4,928,364

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

	Three months ended March 31, 2024	Three months ended March 31, 2023	Nine months ended March 31, 2024	Nine months ended March 31, 2023
SALES	**$ 519,612**	$ 587,622	**$ 1,481,536**	$ 1,678,319
COST OF SALES (Note 4)	**213,390**	227,337	**590,089**	706,764
GROSS PROFIT	**306,222**	360,285	**891,447**	971,555
GENERAL AND ADMINISTRATIVE EXPENSES	**178,917**	177,200	**581,604**	435,231
INTEREST ON LEASE LIABILITIES (Note 8)	**843**	2,066	**3,530**	7,264
AMORTIZATION OF RIGHT OF USE ASSET (Note 7)	**17,966**	17,966	**53,896**	53,896
AMORTIZATION OF PRODUCT DEVELOPMENT COSTS (Note 5)	**47,203**	41,390	**132,936**	101,035
DEPRECIATION (Note 6)	**677**	681	**2,030**	2,044
	245,606	239,303	**773,996**	599,470
INCOME FROM OPERATIONS	**60,616**	120,982	**117,451**	372,085
OTHER ITEMS				
Foreign exchange gains (losses)	**37,436**	(989)	**44,584**	66,780
Finance income	**27,993**	8,079	**81,301**	15,091
	65,429	7,090	**125,885**	81,871
INCOME BEFORE INCOME TAXES	**126,045**	128,072	**243,336**	453,956
PROVISION FOR DEFERRED INCOME TAXES	**34,000**	35,000	**66,000**	123,000
NET INCOME AND COMPREHENSIVE INCOME	**$ 92,045**	$ 93,072	**$ 177,336**	$ 330,956
EARNINGS (LOSS) PER SHARE				
Basic	**$ 0.004**	$ 0.004	**$ 0.007**	$ 0.013
Diluted	**$ 0.004**	$ 0.004	**$ 0.007**	$ 0.013
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**26,423,015**	25,990,014	**26,384,126**	25,990,014

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

	March 31, 2024								
	Number of Shares		Share capital		Contributed surplus		Retained Earnings		Total shareholders' equity
Balance at June 30, 2023	26,073,015	$	2,181,748	$	144,025	$	2,166,157	$	4,491,930
Shares issued from exercise of stock options	350,000		52,500						52,500
Contributed surplus transferred on exercise of stock options			39,250		(39,250)				-
Share-based compensation related to stock options granted and vested (note 9)					55,470				55,470
Net income for the nine months ended March 31, 2024	-		-		-		177,336		177,336
Balance at March 31, 2024	**26,423,015**	**$**	**2,273,498**	**$**	**160,245**	**$**	**2,343,493**	**$**	**4,777,236**

	March 31, 2023								
	Number of Shares		Share capital		Contributed surplus		Retained Earnings (Deficit)		Total shareholders' equity
Balance at June 30, 2022	25,990,014	$	2,151,038	$	127,950	$	1,554,743	$	3,833,731
Net income for the nine months ended March 31, 2023	-		-		-		330,956		330,956
Balance at March 31, 2023	**25,990,014**	**$**	**2,151,038**	**$**	**127,950**	**$**	**1,885,699**	**$**	**4,164,687**

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

	Three months ended March 31, 2024	Three months ended March 31, 2023	Nine months ended March 31, 2024	Nine months ended March 31, 2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net income for the period	**$ 92,045**	$ 93,072	**$ 177,336**	$ 330,956
Items not affecting cash:				
Foreign exchange loss (gain)	**(37,436)**	989	**(44,584)**	(66,780)
Deferred income tax expense	**34,000**	35,000	**66,000**	123,000
Share-based compensation	**-**	-	**55,470**	-
Amortization of product devlopment costs	**47,203**	41,390	**132,936**	101,035
Amortization of right of use assets	**17,966**	17,966	**53,896**	53,896
Amortization of race management equipment	**1,729**	3,108	**3,907**	16,658
Depreciation of equipment	**677**	681	**2,030**	2,044
	156,184	192,206	**446,991**	560,809
Net change in non-cash working capital	**219,594**	266,144	**190,911**	8,465
CASH PROVIDED BY OPERATING ACTIVITIES	**375,778**	458,350	**637,902**	569,274
FINANCING				
Lease liability principal payments	**(22,357)**	(21,134)	**(66,336)**	(62,867)
Repayment of long term debt	**-**	-	**(40,000)**	-
Proceeds from exercise of stock options	**-**	-	**52,500**	-
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(22,357)**	(21,134)	**(53,836)**	(62,867)
INVESTING				
Product development costs	**(45,740)**	(32,062)	**(148,450)**	(164,042)
Purchase of equipment	**-**	-	**-**	(5,886)
Purchase of race management equipment	**(81,792)**	-	**(82,196)**	(1,452)
Purchase of term deposits	**(354,796)**	(7,491)	**(1,359,065)**	(6,788)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(482,328)**	(39,553)	**(1,589,711)**	(178,168)
NET FOREIGN EXCHANGE DIFFERENCE ON CASH	**37,436**	(989)	**44,584**	66,780
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(91,471)**	396,674	**(961,061)**	395,019
CASH, BEGINNING OF PERIOD	**386,095**	1,343,471	**1,255,685**	1,345,126
CASH, END OF PERIOD	**$ 294,624**	$ 1,740,145	**$ 294,624**	$ 1,740,145
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	**$ 27,993**	$ 8,079	**$ 81,301**	$ 15,091
Interest paid on lease liability	**$ 843**	$ 2,066	**$ 3,530**	$ 7,264

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, 2024 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, 2023. 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, 2023.

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.

These financial statements were approved and authorized for issue by the Board of Directors on May 24, 2024.

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, 2023.

4. RACE MANAGEMENT EQUIPMENT

		Race Management Equipment
Cost or deemed cost		
Balance at June 30, 2023	$	310,634
Additions		82,196
Disposals		(1,292)
Balance at March 31, 2024		**391,538**
Depreciation and impairment losses		
Balance at June 30, 2023		308,505
Amortization		3,907
Disposals		(1,292)
Balance at March 31, 2024		**311,120**
Carrying amounts		
At June 30, 2023	$	2,129
At March 31, 2024	**$**	**80,418**

Cost of sales includes amortization of race management equipment in the amounts of $1,729 (2023 - $3,108) and $3,907 (2023 - $16,658) for the three and nine months ended March 31, 2024.

5. PRODUCT DEVELOPMENT

		Product Development Costs
Cost or deemed cost		
Balance at June 30, 2023	$	1,793,090
Additions		148,450
Disposals		-
Balance at March 31, 2024		**1,941,540**
Depreciation and impairment losses		
Balance at June 30, 2023		436,202
Amortization		132,936
Disposals		-
Balance at March 31, 2024		**569,138**
Carrying amounts		
At June 30, 2023	$	1,356,888
At March 31, 2024	**$**	**1,372,402**

6. PROPERTY, PLANT AND EQUIPMENT

		Computer equipment		Equipment and furniture		Leasehold improvements		Total
Cost or deemed cost								
Balance at June 30, 2023	$	68,943	$	42,707	$	35,000	$	146,650
Additions		-		-		-		-
Balance at March 31, 2024		**68,943**		**42,707**		**35,000**		**146,650**
Depreciation and impairment losses								
Balance at June 30, 2023		66,621		37,492		35,000		139,113
Depreciation		1,161		869		-		2,030
Balance at March 31, 2024		**67,782**		**38,361**		**35,000**		**141,143**
Carrying amounts								
At June 30, 2023	$	2,322	$	5,215	$	-	$	7,537
At March 31, 2024	**$**	**1,161**	**$**	**4,346**	**$**	**-**	**$**	**5,507**

7. RIGHT OF USE ASSETS

		Right Of Use Assets
Cost or deemed cost		
Balance at June 30, 2023	$	390,520
Additions		-
Disposals		-
Balance at March 31, 2024	**$**	**390,520**
Depreciation and impairment losses		
Balance at June 30, 2023	$	278,327
Amortization		53,896
Disposals		-
Balance at March 31, 2024	**$**	**332,223**
Carrying amounts		
At June 30, 2023	$	112,193
At March 31, 2024	**$**	**58,297**

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, 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 and a lease for a vehicle requiring bi-weekly payments totaling $267 including interest at 4.49% per annum until March 2025 and a final payment of $19,000 in April 2025.

		Lease Liabilities
Balance at June 30, 2023	$	128,263
Additions		-
Repayments		(69,866)
Interest		3,530
Balance at March 31, 2024		61,927
Less Current Portion		(24,148)
Lease Liability - long term portion	$	37,779

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

		Principal		Interest		Total
2025	$	24,148	$	1,714	$	25,862
2026		37,779		78		37,857
	$	61,927	$	1,792	$	63,719

9. 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 $0.15 per share – options expire May 31, 2026;
(b) 400,000 common shares at $0.15 per share – options expire December 30, 2026;
(c) 275,000 common shares at $0.30 per share – options expire May 31, 2028; and
(d) 215,000 common shares at $0.34 per share – options expire June 30, 2028.

The average remaining contracted life of outstanding stock options is 3.41 years.

The following stock options were outstanding as at March 31, 2024

Share options outstanding	**Number of options**		**Weighted average exercise price**
Balance at June 30, 2023	1,125,000	$	0.19
Exercised	(350,000)	$	0.15
Granted	215,000	$	0.34
Balance, March 31, 2024	**990,000**	**$**	**0.23**

At March 31, 2024, 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 three and nine months ended March 31, 2024 the Company issued nil (2023 – nil) and 215,000 (2023 – nil) stock options. These options were valued at $55,470 (2023 - $nil) 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.

9. SHARE BASED COMPENSATION (CONTINUED)

Inputs for measurement of grant date fair values

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

	2024	2023
Fair value of share options and assumptions		
Share price at grant date	$ 0.36	n/a
Exercise price	$ 0.34	n/a
Expected volatility	87%	n/a
Option life	5 years	n/a
Expected dividends	0%	n/a
Risk-free interest rate	5%	n/a

10. RELATED PARTY TRANSACTIONS

Transactions with related parties

General and administrative expenses for the three and nine months ended March 31, 2024 include $7,500 (2023 - $7,500) and $22,500 (2023 - $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, 2024	Three months ended March 31, 2023	Nine months ended March 31, 2024	Nine months ended March 31, 2023
Salaries and short-term employee benefits	**$ 33,000**	$ 33,000	**$ 99,000**	$ 99,000
Management fees	**7,500**	7,500	**22,500**	22,500
Director fees	**3,750**	2,500	**11,250**	7,500
	$ 44,250	$ 43,000	**$ 132,750**	$ 129,000

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 to key management personnel in the three and nine months ended March 31, 2024 or 2023. However, share-based compensation totaling $nil (2023 - $nil) and $25,800 (2023 - $nil) was paid to a director during the three and nine months ended March 31, 2024 respectively. No long-term, post-employment or termination benefits were recognized in the three and nine months ended March 31, 2024 or 2023.