Condensed Interim Consolidated Financial Statements

Opsens Inc.

Six-month periods ended February 28, 2017 and February 29, 2016
(unaudited)

Notice

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's independent auditors.

Opsens Inc.

Six-month periods ended February 28, 2017 and February 29, 2016

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Opsens Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss

(unaudited)

	Three-month periods ended		Six-month periods ended	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
	$	$	**$**	$
Revenues				
Sales	**3,710,145**	2,649,302	**7,363,347**	4,268,862
Licensing (note 5)	**1,098,098**	91,352	**1,189,450**	182,704
	4,808,243	2,740,654	**8,552,797**	4,451,566
Cost of sales	**2,554,574**	1,973,914	**5,108,171**	3,201,921
Gross margin	**2,253,669**	766,740	**3,444,626**	1,249,645
Expenses (revenues)				
Administrative	**861,330**	814,454	**1,749,713**	1,547,351
Sales and marketing	**1,562,203**	773,128	**3,332,160**	1,248,877
Research and development	**814,416**	624,989	**1,550,338**	1,308,899
Financial expenses (revenues)	**(28,897)**	53,464	**123,098**	95,914
Change in fair value of embedded derivative (note 6)	**45,592**	23,342	**231,567**	229,309
	3,254,644	2,289,377	**6,986,876**	4,430,350
Net loss and comprehensive loss	**(1,000,975)**	(1,522,637)	**(3,542,250)**	(3,180,705)
Net loss per share (note 8)				
Basic	**(0.01)**	(0.02)	**(0.05)**	(0.05)
Diluted	**(0.01)**	(0.02)	**(0.05)**	(0.05)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Opsens Inc.

Interim Consolidated Statements of Changes in Equity
Six-month period ended February 28, 2017
(unaudited)

	Common shares					Reserve –			
	Issued	Subscribed	Warrants	**Total**	Share capital	Stock option plan	Reserve – Warrants	Deficit	**Total**
	(number)	(number)	(number)	**(number)**	$	$	$	$	**$**
Balance as at August 31, 2016	72,629,038	-	5,617,496	**78,246,534**	32,677,611	1,920,089	3,253,737	(30,539,014)	**7,312,423**
Common shares issued in connection with a public offering (note 7a)	9,967,000	-	-	**9,967,000**	13,755,567	-	-	-	**13,755,567**
Issued pursuant to the stock option plan (note 7a)	639,000	12,500	-	**651,500**	437,574	(145,923)	-	-	**291,651**
Warrants exercised (note 7a)	119,742	-	(119,742)	**-**	149,665	-	(26,062)	-	**123,603**
Stock-based compensation costs	-	-	-	**-**	-	485,246	-	-	**485,246**
Net loss	-	-	-	**-**	-	-	-	(3,542,250)	**(3,542,250)**
Balance as at February 28, 2017	83,354,780	12,500	5,497,754	**88,865,034**	47,020,417	2,259,412	3,227,675	(34,081,264)	**(18,426,240)**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Opsens Inc.

Interim Consolidated Statements of Changes in Equity
Six-month period ended February 29, 2016
(unaudited)

	Common shares					Reserve –			
	Issued	Subscribed	Warrants	**Total**	Share capital	Stock option plan	Reserve – Warrants	Deficit	**Total**
	(number)	(number)	(number)	**(number)**	$	$	$	$	**$**
Balance as at August 31, 2015	60,497,253	140,000	3,450,426	**64,087,679**	23,226,679	1,608,161	2,315,944	(21,257,345)	**5,893,439**
Common shares and warrants issued in connection with a public offering (note 7a)	5,681,819	-	3,154,796	**8,836,615**	3,826,725	-	581,354	-	**4,408,079**
Common shares and warrants issued in connection with a private placement (note 7a)	184,400	-	92,200	**276,600**	134,896	-	17,294	-	**152,190**
Issued pursuant to the stock option plan (note 7a)	283,750	(140,000)	-	**143,750**	63,465	(23,090)	-	-	**40,375**
Warrants expired (note 7c)	-	-	(2,670,110)	**(2,670,110)**	-	-	-	-	**-**
Warrants exercised (note 7a)	780,316	-	(780,316)	**-**	600,843	-	(31,213)	-	**569,630**
Stock-based compensation costs	-	-	-	**-**	-	174,158	-	-	**174,158**
Net loss	-	-	-	**-**	-	-	-	(3,180,705)	**(3,180,705)**
Balance as at February 29, 2016	67,427,538	-	3,246,996	**70,674,534**	27,852,608	1,759,229	2,883,379	(24,438,050)	**8,057,166**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Opsens Inc.

Consolidated Statements of Financial Position

(unaudited)

	As at February 28, 2017	As at August 31, 2016
	$	$
Assets		
Current		
Cash and cash equivalents (note 10)	**16,179,999**	5,903,040
Trade and other receivables (note 3)	**3,048,902**	1,981,426
Tax credits receivable	**612,100**	365,000
Inventories	**4,104,905**	4,056,824
Prepaid expenses	**151,449**	263,734
	24,097,355	12,570,024
Property, plant and equipment (note 4)	**3,360,361**	3,646,849
Intangible assets	**640,975**	644,603
	28,098,691	16,861,476
Liabilities		
Current		
Accounts payable and accrued liabilities	**2,366,670**	2,041,873
Warranty provision (note 11)	**179,220**	177,870
Current portion of deferred revenues	**366,408**	366,408
Current portion of long-term debt	**453,814**	481,248
Convertible debenture (note 6)	**4,107,497**	-
	7,473,609	3,067,399
Deferred revenues (note 5)	**226,385**	408,085
Long-term debt	**1,033,723**	1,303,406
Convertible debenture (note 6)	**-**	3,792,839
Deferred lease inducements	**938,734**	977,324
	9,672,451	9,549,053
Shareholders' equity		
Share capital	**47,020,417**	32,677,611
Reserve – Stock option plan	**3,227,675**	1,920,089
Reserve – Warrants	**2,259,412**	3,253,737
Deficit	**(34,081,264)**	(30,539,014)
	18,426,240	7,312,423
	28,098,691	16,861,476

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Approved by the Board

Signed [Jean Lavigueur] director

Signed [Louis Laflamme] director

Opsens Inc.

Interim Consolidated Statements of Cash Flows

(unaudited)

	Three-month periods ended		Six-month periods ended	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
	$	$	**$**	$
Operating activities				
Net loss for the period	**(1,000,975)**	(1,522,637)	**(3,542,250)**	(3,180,705)
Adjustments for:				
Depreciation of property, plant and equipment	**171,323**	103,235	**348,988**	199,715
Amortization of intangible assets	**19,401**	20,120	**40,741**	36,450
Gain on disposal of property, plant and equipment (note 4)	**-**	-	**(46,826)**	-
Stock-based compensation costs	**235,017**	97,238	**485,246**	174,158
Change in fair value of embedded derivative	**45,592**	23,342	**231,567**	229,309
Interest expense, net	**18,297**	4,949	**53,962**	8,982
Effect of foreign exchange rate changes on cash and cash equivalents	**8,748**	(31,733)	**849**	(54,611)
Unrealized foreign exchange loss on convertible debenture	**(44,754)**	42,495	**48,274**	89,700
Changes in non-cash operating working capital items (note 10)	**(1,305,488)**	(921,967)	**(1,004,215)**	(1,923,077)
	(1,852,839)	(2,184,958)	**(3,383,664)**	(4,420,079)
Investing activities				
Decrease in deferred financing cost	**46,160**	26,297	**-**	-
Acquisition of property, plant and equipment	**(133,425)**	(1,782,744)	**(212,220)**	(1,915,181)
Additions to intangible assets	**(5,630)**	(49,952)	**(96,584)**	(95,602)
Proceeds from disposal of property, plant and equipment (note 4)	**-**	-	**115,717**	-
Interest received	**23,424**	27,630	**31,384**	55,287
	(69,471)	(1,778,769)	**(161,703)**	(1,955,496)
Financing activities				
Reimbursement of long-term debt	**(188,077)**	(137,194)	**(325,381)**	(193,156)
Proceeds from issuance of shares (note 7a)	**15,228,604**	5,750,902	**15,365,754**	5,772,277
Shares issues costs (note 7a)	**(1,194,933)**	(457,565)	**(1,194,933)**	(457,565)
Interest paid	**(10,402)**	-	**(22,265)**	-
	13,835,192	5,156,143	**13,823,175**	5,121,556
Effect of foreign exchange rate changes on cash and cash equivalents	**(8,748)**	31,733	**(849)**	54,611
Increase (decrease) in cash and cash equivalents	**11,904,134**	1,224,149	**10,276,959**	(1,199,408)
Cash and cash equivalents - Beginning of period	**4,275,865**	4,780,055	**5,903,040**	7,203,612
Cash and cash equivalents – End of period	**16,179,999**	6,004,204	**16,179,999**	6,004,204

Additional information on the interim consolidated statements of cash flows is presented in note 10.

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

1. Incorporation and Description of Business

Opsens Inc. ("Opsens" or the "Company") is incorporated under the *Business Corporations Act* (Quebec). Opsens focuses mainly on the measure of Fractional Flow Reserve ("FFR") in interventional cardiology. Opsens offers an advanced optical-based pressure guidewire (OptoWire) that aims at improving the clinical outcome of patients with coronary artery disease. Opsens is also involved in industrial activities. The Company develops, manufactures and installs innovative fibre optic sensing solutions for critical applications such as the monitoring of oil wells and other demanding industrial applications. The Company's head office is located at 750, boulevard du Parc-Technologique, Québec, Québec, Canada, G1P 4S3.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, *Interim Financial Reporting* and using the same accounting policies and methods of computation as the most recent annual financial statements, except for the changes in accounting policies described below. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

Changes in Accounting Policies

New and amended standards issued but not yet effective

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard will replace IAS 39, *Financial instruments: recognition and measurement*. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exceptions. Early adoption is permitted. Restatement of prior periods in relation to the classification and measurement, including impairment, is not required. The Company has not yet assessed the impact of this new standard.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from contracts with customers*. IFRS 15 replaces all previous revenue recognition standards, including IAS 18, *Revenue*, and related interpretations such as IFRIC 13, *Customer loyalty programmes*. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces more prescriptive guidance than what was included in previous standards and may result in changes in classification and disclosure in addition to changes in the timing of recognition for certain types of revenues. On July 22, 2015, the IASB has confirmed a one-year deferral of the effective date of IFRS 15 to January 1, 2018.

In April 2016, the IASB issued clarifications to IFRS 15, *Revenue from contracts with customers*. These clarifications provide additional clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property. The Company has not yet assessed the impact of this new standard.

IFRS 16, Lease

On January 13, 2016, the IASB released IFRS 16, *Leases*, which replace IAS 17, *Leases*, and the related interpretations on leases such as IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – Incentives* and SIC 27, *Evaluating the substance of transactions in the legal form of a lease*. This new standard specifies how to recognize, measure, present and disclose leases. It also provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless lease term is 12 months or less or the underlying asset has a small value. Accounting for the lessor remain substantially unchanged. The standard is effective for periods beginning on or after January 1, 2019, with earlier application permitted for companies that also apply IFRS 15, *Revenue from Contracts with Customers*. The Company has not yet assessed the impact of this new standard.

IAS 7, Statement of cash flows

On January 29, 2016, the IASB published amendments to IAS 7, *Statements of cash flows*. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. The Company has not yet assessed the impact of this new standard.

3. Trade and Other Receivables

	As at February 28, 2017	As at August 31, 2016
	$	$
Trade	**3,521,627**	2,176,251
Allowance for doubtful accounts	**(685,061)**	(491,623)
Sales taxes receivable	**176,824**	217,817
Other receivables	**35,512**	78,981
Total	**3,048,902**	1,981,426

Allowance for doubtful accounts variation

	Six-month periods ended	
	February 28, 2017	February 29, 2016
	$	$
Balance – Beginning of period	**(491,623)**	(3,032)
Amounts written off during the period	**-**	1,759
Additional provisions recognized	**(193,438)**	-
Balance – End of period	**(685,061)**	(1,273)

4. Property, Plant and Equipment

During the six-month period ended February 28, 2017, the Company disposed of production equipment with a net carrying value of $68,891 for net proceeds of $115,717.

5. Deferred Revenues

a) Licensing Agreement

On April 15, 2014, the Company announced it had entered into an agreement with Abiomed, Inc. (“Abiomed”) in connection with its miniature optical pressure sensor technology for applications in circulatory assist devices. The Company has granted Abiomed an exclusive worldwide license to integrate its miniature pressure sensor in connection with Abiomed’s circulatory assist devices. Under the agreement, Abiomed will pay Opsens an aggregate amount of US$6,000,000. $1,647,000 (US$1,500,000) has been paid on closing, while the balance will be disbursed based on the achievement of certain milestones.

The Company applies the principles of IAS 18, *Revenue*, to record revenues arising from the agreement with Abiomed. Therefore, the amount of $1,647,000 (US$1,500,000) paid on closing will be recognized over the term of the agreement. Revenues from milestone payments will be limited to costs incurred as long as the milestones are not achieved. Upon the achievement of a milestone, the unrecognized portion of the milestone will be recorded as revenues. For the six-month period ended February 28, 2017, an amount of $181,700 ($182,704 for the six-month period ended February 29, 2016) related to the Abiomed agreement has been recognized as licensing revenues in the consolidated statements of loss and comprehensive loss.

During the six-month period ended February 28, 2017, the Company achieved a technical milestone related to the agreement with Abiomed and consequently, it allows the Company to record, in the consolidated statements of loss and comprehensive loss as licensing revenues an amount of $1,007,750 (US$750,000).

b) Other Deferred Revenues

Deferred revenues also comprise contracts where billings exceed contract costs incurred to date plus recognized profits less recognized losses or when the Company receives payments in advance of meeting the revenue recognition criteria.

6. Convertible Debenture

On November 19, 2012, the Company issued a US$2,000,000 ($2,002,000) subordinated secured convertible debenture maturing November 19, 2017. The convertible debenture bears interest at a rate of 2.0% per annum, payable at maturity. At the holder’s option, the convertible debenture may be converted into common shares of the Company at any time up to the maturity date, at a conversion price representing the market price of the shares. However, the conversion price is subject to a minimum of $0.50 and a maximum of $0.75 per common share (the “conversion price”).

The convertible debenture is also convertible at the Company’s option at the conversion price if the volume-weighted average closing price per common share for the twenty trading days immediately preceding the fifth trading day before such conversion date is at least $1.20 and if a minimum of 50,000 common shares have traded on the TSX Venture Exchange during each of the twenty trading days taken into account in the calculation of the conversion price.

To secure the repayment of the convertible debenture, a movable hypothec on certain equipment has been given. As at February 28, 2017, the net book value of property, plant and equipment pledged as collateral was nil (nil as at August 31, 2016). This hypothec will rank second to certain long-term debts of the Company.

As noted above, the convertible debenture contains a conversion option that will result in an obligation to deliver a fixed amount of equity in exchange of a variable amount of convertible debenture when translated in the functional currency of the Company. Consequently, under IAS 32, *Financial Instruments: Presentation*, the convertible debenture is accounted for as a compound instrument with a debt component and a separate embedded derivative representing the conversion option. Both the debt and embedded derivative components of this compound financial instrument are measured at fair value on initial recognition. The debt component is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date, with gains and losses in fair value recognized through profit or loss.

The carrying value of the convertible debenture and embedded derivative as of February 28, 2017 and August 31, 2016 is as follows:

	As of February 28, 2017	As of August 31, 2016
	$	$
Debt component reported as long-term liability (US$2,171,161; US$2,144,864 as at August 31, 2016)	**2,883,519**	2,813,204
Embedded derivative reported as long-term liability (US$921,600; US$746,900 as at August 31, 2016)	**1,223,978**	979,635
Total	**4,107,497**	3,792,839

7. Shareholders' Equity

a) Share capital

On December 8, 2016, the Company completed a public offering for aggregate gross proceeds of $14,950,500. In connection with the offering, the Company issued a total of 9,967,000 shares at a price of $1.50 per share.

Expenses of the offering include underwriting fees of $889,530 and other professional fees and miscellaneous fees of $305,403 for total fees of $1,194,933.

On December 22, 2015, the Company completed a public offering for aggregate gross proceeds of $5,000,000. In connection with the offering, the Company issued a total of 5,681,819 units at a price of $0.88 per unit. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.20 until June 22, 2017. The value of one-half of one common share purchase warrant was established at $0.10.

Expenses of the offering include underwriting fees of $276,202 and other professional fees and miscellaneous fees of $323,713 for total fees of $599,915.

The Company also issued 313,886 broker warrants as additional compensation, each warrant entitling the holder to purchase one common share of the Corporation at a price of $0.88 until June 22, 2017. The value of one broker warrant was established at $0.29.

The total fees of $599,915 and the broker warrants value of $91,027 have been allocated on a prorata basis between share capital and the warrants reserve, $612,179 and $78,763 respectively, based on the ratio established by their respective values as described above.

Concurrently with the public offering, the Company completed a non-brokered private placement offering of 184,400 units at a price of $0.88 per unit for aggregate gross proceeds of $162,272. Each unit comprises the same terms and conditions than the units issued under the public offering. Expenses related to the private placement amounted to $10,083. The fees have been allocated on a prorata basis between share capital and the warrants reserve, $8,937 and $1,146 respectively, based on the ratio established by their respective values as discussed above.

During the six-month period ended February 28, 2017, following the exercise of stock options, the Company issued 639,000 common shares and 12,500 common shares were subscribed but not issued (143,750 shares issued for the six-month period ended February 29, 2016) for a cash consideration of $291,651 ($40,375 for the six-month period ended February 29, 2016). As a result, an amount of $145,923 was reallocated from "Reserve – Stock option plan" to "Share capital" in shareholders' equity ($23,090 for the six-month period ended February 29, 2016).

During the six-month period ended February 28, 2017, following the exercise of warrants, the Company issued 119,742 common shares (780,316 for the six-month period ended February 29, 2016) for a cash consideration of $123,603 ($569,630 for the six-month period ended February 29, 2016). As a result, an amount of $26,062 was reallocated from "Reserve – Warrants" to "Share capital" in shareholders' equity ($31,213 for the six-month period ended February 29, 2016).

b) Stock options

The changes in the number of stock options granted by the Company and their weighted-average exercise prices, for the six-month periods ended February 28, 2017 and February 29, 2016, are as follows:

	Six-month period ended February 28, 2017		**Six-month period ended February 29, 2016**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		$		**$**
Balance – Beginning of period	**5,029,500**	**0.70**	3,542,750	0.50
Granted	**1,982,750**	**1.56**	1,857,250	0.87
Exercised* (note 7a)	**(651,500)**	**0.45**	(143,750)	0.28
Cancelled	**(603,875)**	**0.86**	-	-
Balance – End of period	**5,756,875**	**1.01**	5,256,250	0.63

*12,500 common shares arising from the exercise of stock options were issued after February 28, 2017.

c) Warrants

The changes in the number of warrants issued by the Company and their weighted-average exercise prices, for the six-month periods ended February 28, 2017 and February 29, 2016, are as follows:

	Six-month period ended February 28, 2017		Six-month period ended February 29, 2016	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Balance – Beginning of period	**5,617,496**	**1.33**	3,475,426	0.98
Issued with units	**-**	**-**	2,933,110	1.20
Issued to brokers	**-**	**-**	313,886	0.88
Exercised (note 7a)	**(119,742)**	**1.03**	(780,316)	0.73
Expired	**-**	**-**	(2,670,110)	1.05
Balance – End of period	**5,497,754**	**1.34**	3,246,996	1.17

8. Net Loss per Share

The table below presents a reconciliation between the basic net loss and the diluted net loss per share:

	Three-month periods ended		**Six-month periods ended**	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
	$	$	**$**	$
Net loss attributable to shareholders				
Basic and diluted	**(1,000,975)**	(1,522,637)	**(3,542,250)**	(3,180,705)
Number of shares				
Diluted weighted average number of shares outstanding	**81,915,037**	65,476,770	**77,444,035**	63,070,494
Amount per share				
Net loss per share				
Basic	**(0.01)**	(0.02)	**(0.05)**	(0.05)
Diluted	**(0.01)**	(0.02)	**(0.05)**	(0.05)

Stock options, warrants and the convertible debenture are excluded from the calculation of the diluted weighted average number of shares outstanding when their exercise price is greater than the average market price of common shares or when their effect is antidilutive. The number of such stock options, warrants and the nominal value of the convertible debenture is presented below:

	Three-month periods ended		**Six-month periods ended**	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
Stock options	**822,750**	1,409,250	**822,750**	1,759,250
Warrants	**-**	2,933,110	**-**	3,246,996
Convertible debenture (US$2,000,000)	**$2,002,000**	$2,002,000	**$2,002,000**	$2,002,000

For the three-month and six-month periods ended February 28, 2017 and February 29, 2016, the diluted amount per share was the same amount as the basic amount per share, since the dilutive effect of stock options, warrants and convertible debenture was not included in the calculation; otherwise, the effect would have been antidilutive. Accordingly, the diluted amount per share for these periods was calculated using the basic weighted average number of shares outstanding.

9. Fair Value of Financial Instruments

The following table provides information about financial instruments measured at fair value in the statement of financial position and categorized by level according to the significance of the inputs used in making the measurements:

		As of February 28, 2017	**As of August 31, 2016**
	Input level*	**Fair Value and Carrying Value**	**Fair Value and Carrying Value**
		$	**$**
Financial assets (liabilities) measured at fair value:			
Convertible debenture – embedded derivative	**2**	**(1,223,978)**	(979,635)

* Level 2 – Quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

The fair value of the embedded derivative financial instruments included in the convertible debenture is calculated using a financial model which includes observable data like share price and interest rates.

10. Additional Information on the Interim Consolidated Statements of Cash Flows

	Three-month periods ended		Six-month periods ended	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
	$	$	**$**	$
Changes in non-cash operating working capital items				
Trade and other receivables	**(83,512)**	(1,181,215)	**(1,067,476)**	(1,755,861)
Tax credits receivable	**(48,387)**	(90,518)	**(153,767)**	(177,727)
Inventories	**98,814**	(409,175)	**(48,081)**	(624,406)
Prepaid expenses	**11,505**	56,257	**112,285**	(28,878)
Accounts payable and accrued liabilities	**(505,634)**	966,188	**371,764**	1,053,655
Warranty provision	**5,803**	-	**1,350**	-
Deferred revenues	**(764,498)**	(269,839)	**(181,700)**	(425,231)
Deferred lease inducements	**(19,579)**	6,335	**(38,590)**	35,371
	(1,305,488)	(921,967)	**(1,004,215)**	(1,923,077)
Supplementary information				
Tax credits recorded against property, plant and equipment	**93,333**	-	**93,333**	-
Unpaid acquisition of property, plant and equipment	**30,553**	610,767	**30,553**	610,767
Unpaid additions to intangible assets	**165**	9,262	**165**	9,292
Unpaid share and warrants issue costs	**-**	144,438	**-**	144,438

	As of February 28, 2017	**As of August 31, 2016**
	$	$
Cash and cash equivalents		
Cash	**552,756**	454,740
Short-term investments	**15,627,243**	5,448,300
	16,179,999	5,903,040

11. Contractual Guarantees

During the normal course of business, the Company replaces defective parts under warranties offered at the sale of the products. The term of the warranties is generally 12 months. The following table summarizes changes in warranty provision:

	Six-month periods ended	
	February 28, 2017	February 29, 2016
	$	$
Balance – Beginning of period	**177,870**	84,000
Provisions recognized	**39,000**	-
Amounts used during the period	**(37,650)**	-
Balance – End of period	**179,220**	84,000

This provision estimate is based on past experience. The actual costs that the Company may incur, as well as the moment when the parts should be replaced, can differ from the estimated amount.

12. Segmented Information

Sector's Information

The Company is organized into two segments: Medical and Industrial.

Medical segment: In this segment, Opsens focuses mainly on the measure of FFR in interventional cardiology.

Industrial: In this segment, Opsens' develops, manufactures and installs innovative fiber optic sensing solutions for critical applications such as the monitoring of oil wells and other demanding industrial applications.

The principal factors employed in the identification of the two segments reflected in this note include the Company's organizational structure, the nature of the reporting lines to the President and Chief Executive Officer and the structure of internal reporting documentation such as management accounts and budgets.

The same accounting policies are used for both reportable segments. Operations are carried out in the normal course of operations and are measured at the exchange amount, which approximates prevailing prices in the markets.

	Three-month period ended February 28, 2017			Three-month period ended February 29, 2016		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**4,365,336**	**442,907**	**4,808,243**	1,522,845	1,217,809	2,740,654
Internal sales	**-**	**83,541**	**83,541**	-	125,333	125,333
Depreciation of property, plant and equipment	**148,620**	**22,703**	**171,323**	77,144	26,091	103,325
Amortization of intangible assets	**15,553**	**3,848**	**19,401**	18,476	1,644	20,120
Financial expenses (revenues)	**(102,983)**	**74,086**	**(28,897)**	(932)	54,396	53,464
Change in fair value of embedded derivative	**45,592**	**-**	**45,592**	23,342	-	23,342
Net loss	**(608,438)**	**(391,544)**	**(999,982)**	(1,395,541)	(127,096)	(1,522,637)
Acquisition of property, plant and equipment	**138,994**	**1,232**	**140,226**	1,834,548	3,686	1,838,234
Additions to intangible assets	**668**	**165**	**833**	39,496	4,538	44,034
Segment assets	**25,840,670**	**2,258,021**	**28,098,691**	13,426,792	3,055,229	16,482,021
Segment liabilities	**9,363,642**	**308,809**	**9,672,451**	7,812,479	602,294	8,414,773

	Six-month period ended February 28, 2017			Six-month period ended February 29, 2016		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**7,695,522**	**857,275**	**8,552,797**	2,749,652	1,701,914	4,451,566
Internal sales	**-**	**200,946**	**200,946**	-	221,119	221,119
Depreciation of property, plant and equipment	**301,748**	**47,240**	**348,988**	149,577	50,138	199,715
Amortization of intangible assets	**33,678**	**7,063**	**40,741**	32,395	4,055	36,450
Financial expenses (revenues)	**(15,384)**	**138,482**	**123,098**	(5,123)	101,037	95,914
Change in fair value of embedded derivative	**231,567**	**-**	**231,567**	229,309	-	229,309
Net loss	**(2,758,600)**	**(782,632)**	**(3,541,232)**	(2,680,490)	(500,215)	(3,180,705)
Acquisition of property, plant and equipment	**217,087**	**7,637**	**224,724**	2,477,869	8,425	2,486,294
Additions to intangible assets	**19,618**	**17,496**	**37,114**	70,966	10,209	81,175
Segment assets	**25,840,670**	**2,258,021**	**28,098,691**	13,426,792	3,055,229	16,482,021
Segment liabilities	**9,363,642**	**308,809**	**9,672,451**	7,812,479	602,294	8,414,773

The Company’s net loss per reportable segments reconciles to its condensed interim consolidated financial statements as follows:

	Three-month periods ended		**Six-month periods ended**	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
	$	$	**$**	$
Net loss per reportable segments	**(999,982)**	(1,522,637)	**(3,541,232)**	(3,180,705)
Elimination of inter-segment profits	**(993)**	-	**(1,018)**	-
Net loss and comprehensive loss	**(1,000,975)**	(1,522,637)	**(3,542,250)**	(3,180,705)

Geographic sector's information

	Three-month periods ended		Six-month periods ended	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
	$	$	**$**	$
Revenues per geographic sector				
Japan	**1,769,655**	988,612	**3,121,055**	1,786,923
United States	**1,502,773**	308,446	**2,243,736**	652,717
Canada	**400,235**	930,025	**829,276**	1,122,609
Others*	**1,135,580**	513,571	**2,358,730**	889,317
	4,808,243	2,740,654	**8,552,797**	4,451,566

* Comprise revenues generated in countries for which amounts are individually not significant.

Revenues are attributed to the geographic sector based on the clients' location. Capital assets, which include property, plant and equipment and intangible assets, are all located in Canada.

During the three-month period ended February 28, 2017, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 37% (medical's reportable segment) and 23% (medical's reportable segment).

During the three-month period ended February 29, 2016, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 37% (medical's reportable segment), 17% (industrial's reportable segment) and 15% (industrial's reportable segment).

During the six-month period ended February 28, 2017, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 36% (medical's reportable segment) and 15% (medical's reportable segment).

During the six-month period ended February 29, 2016, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 41% (medical's reportable segment), 13% (industrial's reportable segment) and 11% (industrial's reportable segment).

13. Related-party Transactions

In the normal course of its operations, the Company has entered into transactions with related parties.

	Three-month periods ended		Six-month periods ended	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
	$	$	**$**	$
Professional fees paid to a company controlled by a director	**31,391**	17,956	**49,696**	19,917

Fees are incurred for the Company's FFR activities.

Key management personnel, having authority and responsibility for planning, directing and controlling the activities of the Company, comprise the Chief Executive Officer, the Chief Financial Officer, the Business Unit Manager of Opsens Solutions Inc. and other vice presidents. Compensation of key management personnel during the three-month and six-month periods ended February 28, 2017 and February 29, 2016 was as follows:

	Three-month periods ended		**Six-month periods ended**	
	February 28, 2017	February 29, 2016	**February 28, 2017**	February 29, 2016
	$	$	**$**	$
Short-term salaries and other benefits	**269,156**	322,354	**656,961**	674,637
Option-based awards	**22,352**	23,964	**45,672**	46,059
	291,508	346,318	**702,633**	720,696

The compensation of key executives is determined by the Human Resources and Compensation Committee, taking into consideration individual performance and market trends.

14. Approval of Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on April 18, 2017.