MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED MAY 31, 2017

The following comments are intended to provide a review and analysis of the results of operations, financial condition and cash flows of Opsens Inc. for the three-month and nine-month periods ended May 31, 2017 in comparison with the corresponding periods ended May 31, 2016. In this Management's Discussion and Analysis ("MD&A"), "Opsens", "the Company", "we", "us" and "our" mean Opsens Inc. and its subsidiary. This discussion should be read and interpreted in conjunction with the information contained in our annual consolidated financial statements for the years ended August 31, 2016 and 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This document was prepared on June 28, 2017. All amounts are in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking statements with respect to the Company. These forward-looking statements, by their nature, require the Company to make certain assumptions and necessarily involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Forward-looking statements are not guarantees of performance. These forward-looking statements, including financial outlooks, may involve, but are not limited to, comments with respect to the Company's business or financial objectives, its strategies or future actions, its targets, expectations for financial condition or outlook for operations and future contingent payments. Words such as "may", "will", "would", "could", "expect", "believe", "plan", "anticipate", "intend", "estimate", "continue", or the negative or comparable terminology, as well as terms usually used in the future and conditional, are intended to identify forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances. The Company considers these assumptions to be reasonable based on information currently available to it, but cautions the reader that these assumptions regarding future events, many of which are beyond its control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect the Company and its business. The forward-looking information set forth therein reflects the Company's expectations as of June 28, 2017 and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

OVERVIEW

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 through its wholly-owned subsidiary Opsens Solutions Inc. ("Solutions"). Solutions develops, manufactures and installs innovative fibre optic sensing solutions for critical applications such as the monitoring of oil wells and other demanding industrial applications.

In the interventional cardiology field, during fiscal 2015, Opsens initiated a limited market release of its OptoWire and OptoMonitor. OptoWire provides cardiologists with a guidewire that offers optimal performance to navigate in coronary arteries and cross blockages with ease, while measuring intracoronary blood pressure. This procedure is called measurement of FFR. According to management and industry sources[1], the FFR market was estimated at approximately US$300 million in 2014 and should exceed US$1 billion annually in the medium term.

During fiscal 2015, Opsens received approval to commercialize the OptoWire I and OptoMonitor in the U.S., Europe, Japan and Canada. These combined markets represent approximately 85% of the total market worldwide for FFR products.

(1) Opsens FFR Market Calculations based on **R. Scott Huennekens, "Volcano's CEO Hosts NASDAQ Analyst Day" *TRANSCRIPT* p.5 *(2013-03-7)***, JOHN T. DAHLDORF, "Volcano's Annual Report 2012" and St. Jude Medical 2015 – Investors Conference , February 6, 2015.

On March 16, 2016, Opsens announced receipt of the 510(k) clearance from the U.S. Food and Drug Administration (FDA) for the OptoWire II. This major regulatory milestone allows the Company to commercialize its optical guidewire in the U.S., the largest market in the world for these types of products and expanded regulatory clearance for the OptoWire II to the U.S. from previous clearances in Europe and Japan. On June 22, 2016, the Company announced the receipt of Health Canada's approval to sell the OptoWire II in Canada.

The OptoWire continues to draw positive comments from cardiology experts around the world. An article published in August 2016 from the «*Circulation Journal*» highlighted the performance of the OptoWire. More specifically, the article highlighted the fact that traditional FFR guidewires showed measurement drift, despite major efforts to minimize it. The occurrence of drift is a significant problem that can occur and often goes unnoticed before the wire is removed from the patient. If drift is present, it may invalidate the measurement. The authors stated they used approximately 100 OptoWire in the past year and they have not observed any drift in any of the OptoWire up to now.

Subsequent to approvals received to commercialize the OptoWire II, the number of orders have increased. In addition, many account conversions in Canada, in Europe and in Japan have materialized recently. Opsens also began its limited market release in the U.S. These recent developments enable Opsens to compete in the growing FFR market.

In Canada, Opsens has been executing its market release with its direct sales force following the successful completion of a clinical registry involving 60 patients. The objective of the registry was to evaluate the ease of use, functionality and security of Opsens' OptoWire and OptoMonitor in patients with ischemic coronary artery disease who were referred for diagnostic angiography.

Opsens expanded its sales channels during the year ended August 31, 2016. Opsens is currently present, with its sales channels in the U.S., in more than 20 countries in Europe, in Middle East, in Canada and in Japan. To support revenue growth with increased production capacity, Opsens moved its medical devices business into a new location in Quebec City (Canada).

In March 2017, the Appropriate Use Criteria ("AUC") for stable ischemic heart disease was updated to emphasize FFR's growing use and importance. The intent of AUC is to provide a framework to evaluate overall clinical practice patterns and improve quality of care. The conclusions of the updated AUC is that there is a significant increase in the recognition of the role and value of FFR in classification, which should be helpful for the usage of FFR. Payers, including Medicare, have used the AUC's to help formulate their criteria of reimbursement.

In the industrial sector, Opsens' technology, expertise and products can serve several markets including aerospace, geotechnical, infrastructures, oil and gas, mining, laboratories and others. For example, for the monitoring of the integrity of structures ("SHM" for Structural Health Monitoring), qualitative and non-continuous methods have long been used to assess the structures and their ability to perform their function. In the past 10 to 15 years, SHM technologies have emerged, creating new exciting fields within the different branches of engineering. SHM is widely applied to various types of infrastructures and represents solid growth opportunities considering that many countries are entering periods of pent up demand for the construction of various infrastructures ranging from bridges to skyscrapers.

As for the oil and gas market, Opsens, through a distributor, provides fiber optic sensor systems that provide reliable real-time pressure and temperature measurements at the bottom of the wells. This information is critical during operations such as Steam Assisted Gravity Drainage ("SAGD"), a process that recovers bitumen from oil sands.

Opsens' broad portfolio of products and technologies can be adapted to measure various parameters in the most harsh conditions and provide significant advantages in terms of production optimization and reduced risk to the environment and health.

Opsens holds 10 patents and 3 pending patents to protect its medical and industrial businesses.

FFR MARKET OPPORTUNITY

For the FFR market, Opsens has developed the OptoWire and OptoMonitor, instruments that assess the significance of arterial narrowing (stenosis) resulting from coronary heart disease. Coronary artery disease is a leading cause of death in the developed world and the cost related to the management and treatment of this disease is a significant burden to society. In recent years, the prevalence of coronary heart disease has increased at a rapid pace. According to the American Heart Association ("AHA"), the number of Americans who undergo surgery or cardiovascular operations or procedures has increased to about 7.6 million patients in 2010. Based on health data compiled from over 190 countries, heart disease remains the No. 1 global cause of death with 17.3 million deaths annually based on a report from the AHA "Heart Disease and Stroke Statistics – 2015 Update". That number is expected to rise to more than 23.6 million by 2030.

The benefits of FFR were demonstrated in various clinical studies such as FAME I and FAME II published respectively in 2009 and 2012 in the New England Journal of Medicine. The FAME I study showed that FFR-guided treatment rather than standard angiography alone led to a reduction in mortality, myocardial infarction, readmission for percutaneous coronary intervention and coronary bypass by about 30% after a year. In 2011, the American College of Cardiology Foundation and the AHA established a class IIA recommendation for the use of FFR during angiography, meaning that the proposed procedure or treatment is beneficial, useful and effective. These developments have contributed to the growth of the market. According to management and industry sources' estimates, the global FFR market reached approximately US$300 million in 2014 and should exceed US$1 billion annually in the medium term.

INDUSTRIAL MARKET OPPORTUNITY

Structural Health Monitoring market: the opportunities in this market are related principally to strain, load and displacement measurements. The applications are found in geotechnical, civil engineering, energy, aerospace and O&G sectors. Monitoring of civil engineering structures accounts for a large proportion of this market. Only in Europe, there is more than 5 billion square meters of dams and bridges. In the U.S. alone, there are 67,000 unmonitored bridges with an anticipated cost to repair or replace of $76 billion. New industrial versions of the strain sensor like the extensometer and load cell are the main flagship products for these applications.

Pressure Monitoring Solution market: the opportunities in this market are principally related to absolute and differential pressure measurements. The measure of the pressure is found in many industrial applications of the energy, geotechnical, oil and gas and aerospace sectors. New industrial versions of the pressure sensor and the recent addition of a differential pressure sensor are the main flagship products for these applications.

Traditional Niche Applications market: include niche applications in which Opsens is currently involved like the electro explosive device (EED) application. It also includes applications such as SAGD in Western Canada and laboratories applications (special projects and custom products).

BUSINESS STRATEGY

Opsens' growth strategy is to become a key player in the interventional cardiology market by focusing on the FFR procedure where its products and technologies have competitive advantages. The Company also aims to capitalize on its technologies and products in industrial markets.

The Company's FFR growth strategy will be executed by:

Gaining market shares in the fast-growing FFR market. In fiscal 2015, for the first time, Opsens has generated revenues from its FFR offering in the limited market release phase. In fiscal 2016, Opsens expanded its sales activities in several markets, which translated in solid revenue growth. Management believes that FFR is used in over 15% of PCI, but industry analysts suggest that up to 45% of PCI could advantageously be combined with FFR[2]. Management is pursuing a comprehensive market development strategy that highlights the features and distinctive capabilities of the OptoWire and exceed marketing requirements to gain market share from competitors and contribute to the expansion of the FFR market. Initially, marketing efforts are focused on the Japanese, U.S., European and Canadian markets.

- Investing in innovation to enhance the existing applications of the Company's technology. The Company's commitment to innovation has been a major driving force behind its success. Opsens is constantly working to improve its intellectual property portfolio and customer value proposition. In the FFR market, OptoWire is designed to provide:
    - Improved mechanical performance from key design attributes and product specifications such as torquability and steerability;
    - Improved measurement reliability and fidelity from OptoWire's no drift[3] sensing technology, which is essential to the decision-making process of cardiologists; competing FFR sensing technologies have higher drift levels;
    - Improved connectivity, as OptoWire's connection and measurement accuracy is unaffected by blood contamination and the guidewire can be reconnected easily without compromising measurement accuracy.

- Developing new applications for the Company's medical technology. Opsens plans to leverage its technologies and knowledge in the medical devices field to expand into new markets and increase clinical applications. As the Company pursues opportunities in these new markets, it plans to develop new FFR products and explore product development and marketing partnerships with other leading companies in the sector.

- Expanding and investing in FFR-focused sales force and distribution channels.
    - **Distribution agreements:** Opsens has signed distribution agreements in more than twenty countries in Europe and Asia. These agreements enable Opsens to expand its market penetration worldwide. Although the distribution agreements in place cover the most important potential markets, Opsens expects to sign additional distribution agreements during fiscal year 2017**;**
    - **Sales force:** Opsens plans on expanding its sales force through hiring additional sales personnel for FFR product commercialization. Sales force expansion will aim to increase Opsens' marketing and sales market penetration in the United States and in Canada.

The Company's growth strategy in the Industrial sector will be achieved by:

- Investing in innovation to enhance applications for the Company's technologies. The Company's industrial line of fiber optic sensors offers unique advantages over traditional sensors in many industries. For example, traditional sensors need to be shielded and grounded for their safe operation in aircrafts and spaceships. The use of composite materials in the newly developed versions of these flying structures have seriously reduced the natural shielding and grounding capacity provided by the older metallic version of these structures. The

(2) D. STARKS, "St Jude Medical 2013 Investor Conference" p.105 (2013-02-01); R. Scott Huennekens, "Volcano NASDAQ Analyst Day" POWERPOINT PRESENTATION p.44 (2013-03-07).

(3) Per 60601-2-34 ed3

Company's fiber optic strain and pressure sensors received attention from major players in the aerospace industry because they do not require any shielding or grounding and also because of their ease of deployment.

In the oil and gas upstream applications using thermal recovery methods like SAGD, the capacity to control bottom hole pressure and temperature helps improving the steam/oil ratio and to reduce operating and pumping costs. Integration of the corporation OPP-W fiber optic pressure and temperature sensor in thermal recovery methods allows operators, production and reservoir engineers to monitor in real time, over a large area, pressure and temperature at the bottom of the wells. They can manage efficiently the heavy oil production reservoirs.

NON-IFRS FINANCIAL MEASURE - EBITDACO

The Company quarterly reviews net loss and Earnings Before Interest, Taxes, Depreciation, Amortization, Change in fair value of embedded derivative and Stock-based compensation costs ("EBITDACO"). EBITDACO has no normalized sense prescribed by IFRS. It is not very probable that this measure is comparable with measures of the same type presented by other issuers. EBITDACO is defined by the Company as the addition of net loss, financial expenses, depreciation and amortization, change in fair value of embedded derivative and stock-based compensation costs. The Company uses EBITDACO for the purposes of evaluating its historical and prospective financial performance. This measure also helps the Company to plan and forecast for future periods as well as to make operational and strategic decisions. The Company believes that providing this information to investors, in addition to IFRS measures, allows them to see the Company's results through the eyes of management, and to better understand its historical and future financial performance.

Reconciliation of EBITDACO to net loss

(In thousands of Canadian dollars)	**Three-month period ended May 31, 2017**	**Three-month period ended May 31, 2016**	**Nine-month period ended May 31, 2017**	**Nine-month period ended May 31, 2016**
	$	**$**	**$**	**$**
Net loss	(1,842)	(3,076)	(5,384)	(6,257)
Financial expenses (revenues)	4	(41)	127	55
Depreciation of property, plant and equipment	186	172	535	372
Amortization of intangible assets	23	17	63	54
Change in fair value of embedded derivative	(152)	416	80	645
EBITDAC	(1,781)	(2,512)	(4,579)	(5,131)
Stock-based compensation costs	184	153	670	327
EBITDACO	(1,597)	(2,359)	(3,909)	(4,804)

The positive variance of EBITDACO for the three-month period ended May 31, 2017 when compared with last year is explained by the decrease in the net loss mainly related to the increase in medical revenues.

The positive variance of EBITDACO for the nine-month period ended May 31, 2017 when compared with last year is explained by increase revenues in the medical sector and by licensing revenue of $1,007,750 (US$750,000) related to a technical milestone payment. This was partly offset by lower sales in the industrial sector and by higher administrative, sales and marketing and research and development expenses as explained further below.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Three-month period ended May 31, 2017	Three-month period ended May 31, 2016	Nine-month period ended May 31, 2017	Nine-month period ended May 31, 2016
	$	$	$	$
Revenues				
Sales	4,800	2,033	12,164	6,301
Licensing	92	92	1,282	275
	4,892	2,125	13,446	6,576
Cost of sales	2,842	1,611	7,951	4,813
Gross margin	2,050	514	5,495	1,763
Gross margin rate	42%	24%	41%	27%
Expenses (revenues)				
Administrative	1,258	1,304	3,007	2,851
Sales and marketing	1,938	1,178	5,270	2,427
R&D	844	733	2,395	2,042
Financial expenses (revenues)	4	(41)	127	55
Change in fair value of embedded derivative	(152)	416	80	645
	3,892	3,590	10,879	8,020
Net loss and comprehensive loss	(1,842)	(3,076)	(5,384)	(6,257)
Net loss per share – Basic	(0.02)	(0.05)	(0.07)	(0.10)
Net loss per share – Diluted	(0.02)	(0.05)	(0.07)	(0.10)

QUARTERS ENDED MAY 31, 2017 AND 2016

Revenues

The Company reported revenues of $4,892,000 for the three-month period ended May 31, 2017 compared with revenues of $2,125,000 for the comparative period in 2016, an increase of $2,767,000 or 130%.

Revenues in the medical sector totalled $4,691,000 for the three-month period ended May 31, 2017 compared with revenues of $1,270,000 for the same period in 2016. The increase in medical sector revenues is explained by a higher number of OptoWire shipped when compared to the same period last year. FFR revenues totalled $3,710,000 for the three-month period ended May 31, 2017, an increase of $2,728,000 over the $982,000 reported for the same period last year. The increase in revenues in the medical sector is also explained by higher other medical revenues of $693,000.

Market acceptance of FFR and of industrial fiber optic sensors is increasing in the Company's potential markets. However, some industries, such as oil and gas, are experiencing challenging economic conditions. On September 22, 2016, the Company announced a partnership with Precise Downhole Services Ltd. ("Precise") for the commercialization of its product line dedicated to the Canadian oil and gas market. As part of the agreement, Opsens appointed Precise as exclusive distributors for the OPP-W sensor product line in the Canadian territory. For the periods ended May 31, 2017 and May 31, 2016, pricing fluctuations did not have a significant impact on revenues. During the quarter ended August 31, 2016, the Company initiated the limited market release of its FFR products in the U.S. Management expects that the proportion of revenues generated by FFR will continue to increase in upcoming quarters.

Revenues in the industrial sector totalled $201,000 for the three-month period ended May 31, 2017 compared with revenues of $855,000 for the same period in 2016. This decrease is mostly explained by lower revenues related to the oil and gas product line.

Given that a proportion of the Company's revenues is generated in U.S. dollars, Euros and British Pounds, fluctuations in the exchange rate affect revenues and net loss. For the three-month period ended May 31, 2017, sales were positively affected by $108,000 mainly due to the higher average exchange rate for U.S. dollars.

As of May 31, 2017, Opsens' total backlog of orders amounted to $2,482,000 ($1,295,000 as at August 31, 2016). Significant efforts are being made to increase the backlog and expand the customer base. In addition, the Company will benefit from increase revenues in the medical sector resulting from its regulatory clearances in the U.S., Europe, Japan and Canada.

Gross margin

Information and analysis in this section do not take into consideration licensing revenues arising from the Abiomed agreement ($92,000 for the three-month periods ended May 31, 2017 and 2016, respectively).

Gross margin was $1,958,000 for the three-month period ended May 31, 2017 compared with $422,000 for the same period last year. The gross margin percentage increased from 21% for the three-month period ended May 31, 2016 to 41% for the three-month ended May 31, 2017. The increase in gross margin is mainly explained by higher revenues from our FFR and other medical products line as explained previously. The increase in gross margin percentage reflects higher sales volume and the related benefits of scale combined with enhanced productivity.

Administrative expenses

Administrative expenses were $1,258,000 and $1,304,000, respectively, for the three-month periods ended May 31, 2017 and May 31, 2016. The decrease is mainly explained by a lower allowance for doubtful accounts. This was partly offset by higher professional fees related to the graduation of the Company on the TSX.

Sales and marketing expenses

Sales and marketing expenses totalled $1,938,000 for the three-month period ended May 31, 2017, an increase of $760,000 over the $1,178,000 reported during the same period in 2016. The increase is largely explained by higher headcount, commissions, tradeshows, travelling and stock-based compensation expenses when compared with last year due to the expansion of Opsens' sales channel for its FFR products.

Research and development expenses

Research and development expenses totalled $844,000 for the three-month period ended May 31, 2017, an increase of $111,000 over the $733,000 reported during the same period in 2016. The variation is mainly explained by higher salaries and fringe benefits for our FFR activities and by higher supplies expenses.

Financial expenses (revenues)

Financial expenses reached $4,000 for the three-month period ended May 31, 2017 compared with financial revenues of $41,000 for the same period in 2016. The increase in financial expenses is explained by a less favorable exchange rate resulting in a negative impact of $65,000 compared to last year and by an increase in interest on long-term debt of $14,000. This was partly offset by higher interest revenues of $35,000.

Change in fair value of embedded derivative

The change in fair value of embedded derivative comes from the variance of the fair market value of the conversion option component of the convertible debenture. The convertible debenture contains a cash settlement feature, which under IAS 32, "Financial Instruments: Presentation", 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. During the three-month period ended May 31, 2017, a revenue of $152,000 (expense of $416,000 for the three-month period ended May 31, 2016) was recorded in the consolidated statements of loss and comprehensive loss.

Net loss

As a result of the foregoing, net loss for the three-month period ended May 31, 2017 was $1,842,000 compared with 3,076,000 for the same period in 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

(In thousands of Canadian dollars)	**As at May 31, 2017**	**As at August 31, 2016**
	$	**$**
Current assets	23,871	12,570
Total assets	27,826	16,861
Current liabilities	8,241	3,067
Long-term liabilities	2,149	6,482
Shareholders' equity	17,436	7,312

Total assets as at May 31, 2017 were $27,826,000 compared with $16,861,000 as at August 31, 2016. The increase is mainly related to higher cash and cash equivalents of $7,873,000 explained by the closing of an equity financing of $14,950,500 in December 2016 and by higher trade and other receivables of $2,540,000 explained by an increase of the medical sector revenues.

Current liabilities totalled $8,241,000 as at May 31, 2017 compared with $3,067,000 as at August 31, 2016. The increase is mainly explained by the reclassification of the convertible debenture amounting to $4,041,000 in the current portion of liabilities because its maturity is now less than twelve months. Also, the increase is explained by higher accounts payable and accrued liabilities of $1,157,000 related to the increase in production of FFR products.

Long-term liabilities totalled $2,149,000 as at May 31, 2017 compared with $6,482,000 as at August 31, 2016, a decrease of $4,333,000. The decrease is mainly explained by the reclassification of the convertible debenture in the current portion of liabilities as discussed previously.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The summary below presents the periods in which Opsens published unaudited interim financial statements.

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended May 31, 2017	Three-month period ended February 28, 2017	Three-month period ended November 30, 2016	Three-month period ended August 31, 2016
	$	$	$	$
Revenues	4,892	4,808	3,745	3,024
Net loss for the period	(1,842)	(1,001)	(2,541)	(3,025)
Net loss per share – Basic	(0.02)	(0.01)	(0.03)	(0.04)
Net loss per share – Diluted	(0.02)	(0.01)	(0.03)	(0.04)

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended May 31, 2016	Three-month period ended February 29, 2016	Three-month period ended November 30, 2015	Three-month period ended August 31, 2015
	$	$	$	$
Revenues	2,125	2,741	1,711	1,110
Net loss for the period	(3,076)	(1,523)	(1,658)	(1,811)
Net loss per share – Basic	(0.05)	(0.02)	(0.03)	(0.03)
Net loss per share – Diluted	(0.05)	(0.02)	(0.03)	(0.03)

Historically, the Company's revenues and net loss results has experienced minimal seasonality.

LIQUIDITY AND CAPITAL RESOURCES

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 May 27, 2016, the Company entered into a loan agreement of $836,000, net of transaction costs of $9,000, with Investissement Québec. This loan bears interest at prime rate plus 0.25%, is payable in monthly instalments of $18,750, and will be maturing in May 2020. This loan is secured by a movable hypothec on the Company's assets. Under this loan agreement, the Company is subject to certain covenants with respect to maintaining certain financial ratios, which were met as of the date of this MD&A. On March 7, 2017, the Company received the final disbursement of the loan amounting to $55,000.

On May 16, 2016, the Company completed a non-brokered private placement offering for aggregate gross proceeds of $4,999,050. In connection with the offering, the Company issued a total of 4,761,000 units at a price of $1.05 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 $1.55 until November 16, 2017.

Expenses of the offering include professional fees and miscellaneous fees for total fees of $102,563.

On May 20, 2016, the Company received an amount of $894,000 from the landlord in accordance with the long-term lease signed by the Company to relocate its medical activities. This amount is presented in the balance sheet under the caption "Deferred lease inducements".

On April 18, 2016, the Company entered into a loan agreement amounting to $497,500, net of transaction costs of $2,500, with Desjardins. This loan bears interest at prime rate plus 2.0%, is payable in monthly instalments of $10,417, calculated over an amortization period of forty-eight (48) months and will be maturing in April 2018. This loan is secured by a movable hypothec on the Company's assets. Under this loan agreement, the Company is subject to certain covenants with respect to maintaining certain financial ratios, which were met as of the date of this MD&A.

Under an agreement entered into with Canada Economic Development ("CED"), the Company may receive a refundable contribution of a maximum amount of $200,000, non-interest bearing, to cover expenses related to the commercialization of its OptoWire product for the FFR market. This contribution is paid out based on presentation by the Company of invoices related to specific expenses since May 22, 2015. On April 1, 2016, the Company received an amount of $65,000 of which $28,000 was recognized against administrative and sales and marketing expenses. On March 29, 2017, the Company received the final disbursement of the contribution amounting to $135,000 of which $48,000 was recognized against administrative and sales and marketing expenses.

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.

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.

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 amount to $10,083.

On April 15, 2014, the Company announced that it had entered into an agreement with 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 is expected to pay Opsens an aggregate amount of US$6,000,000. Of that amount, US$1,500,000 ($1,647,150) was paid upon closing of the deal, while the balance will be disbursed based on the achievement of certain milestones, such as the meeting of certain performance requirements, the filing of regulatory application, the obtaining of regulatory approval and the transfer of manufacturing to Abiomed.

During the nine-month period ended May 31, 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).

On February 18, 2014, the Company completed a public offering for aggregate gross proceeds of $8,505,104. In connection with the offering, the Company issued a total of 5,340,220 units at a price of $0.75 per unit and 6,164,300 common shares at a price of $0.73 per common share. 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 $1.05 until February 18, 2016.

Expenses of the offering include underwriting fees of $595,357 and other professional fees and miscellaneous fees of $373,991 for total fees of $969,348.

The Company also issued 805,316 broker warrants as additional compensation, each warrant entitling the holder to purchase one common share at a price of $0.73 until February 18, 2016.

On November 19, 2012, the Company announced the granting of distribution and other rights for OptoWire and OptoMonitor. Under the terms of the agreement, the Company received:

- US$3,000,000 for the distribution rights for Japan, Korea and Taiwan, which includes:
    a. US$2,000,000 ($2,002,000) at signing;
    b. US$1,000,000 ($1,115,500) with the regulatory approval in Japan;
- US$2,000,000 ($2,002,000) in a form of a subordinated secured convertible debenture, at signing.

The convertible debenture bears interest at a rate of 2.0% per annum, payable at maturity, which is November 19, 2017. 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 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 May 31, 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 loans 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 Company has an authorized line of credit for a maximum amount of $200,000, $50,000 of which is available at all times and does not take into consideration the margining. When using the line of credit in an amount varying from $50,000 and $100,000, the available credit is limited to an amount that is equal to 75% of Canadian accounts receivable and 65% of foreign accounts receivable plus 50% of inventories of raw materials and finished goods. If the amount used exceeds $100,000, the credit available is limited to an amount equal to 75% of Canadian accounts receivable and 90% of insured foreign accounts receivable plus 50% of inventories of raw materials and finished goods. This line of credit bears interest at the financial institution's prime rate plus 2% and is repayable on a weekly basis by $5,000 tranches. It is secured by a first-rank movable hypothec for an amount of $750,000 on the universality of receivables and inventories.

As of May 31, 2017, the Company had cash and cash equivalents of $13,776,000 compared with $5,903,000 as of August 31, 2016. Of this amount as of May 31, 2017, $12,755,000 was invested in highly liquid, safe investments. As of May 31, 2017, Opsens had a working capital of $15,630,000, compared with $9,503,000 as of August 31, 2016.

Based on its cash and cash equivalents position, Opsens has the financial resources necessary to maintain short-term operations, honour its commitments and support its anticipated growth and development activities. From a medium-term perspective, Opsens may need to raise additional financing by issuing equity securities and/or debt. From a long-term perspective, there is uncertainty about obtaining additional financing, given the risks and uncertainties identified in the *Risks and Uncertainties* section of the annual MD&A. Changes in cash and cash equivalents position will largely depend on the rate of revenue growth in upcoming quarters.

SUMMARY OF CASH FLOWS

(In thousands of Canadian dollars)	**Three-month period ended May 31, 2017**	**Three-month period ended May 31, 2016**	**Nine-month period ended May 31, 2017**	**Nine-month period ended May 31, 2016**
	$	**$**	**$**	**$**
Operating activities	(3,062)	(1,413)	(6,446)	(5,832)
Investing activities	(85)	(904)	(247)	(2,859)
Financing activities	737	6,355	14,560	11,476
Effect of foreign exchange rate changes on cash and cash equivalent	6	(21)	6	33
Net change in cash and cash equivalents	(2,404)	4,017	7,873	2,818

Operating activities

Cash flows used by our operating activities for the three-month period ended May 31, 2017 were $3,062,000 compared with $1,413,000 for the same period last year. The increase in the cash flows used by our operating activities is mainly explained by a negative variance in changes in non-cash operating working capital items mostly related to trade and other receivables.

Investing activities

For the three-month period ended May 31, 2017, cash flows used by our investing activities reached $85,000 and were used for acquisition of property, plant and equipment for an amount of $121,000 and of intangible assets for an amount of $24,000. This was partly offset by interest income received of 44,000 and proceeds from disposal of property, plant and equipment of $16,000. Acquisitions of property, plant and equipment were made primarily for our FFR activities.

For the three-month period ended May 31, 2016, cash flows used by our investing activities reached $904,000 and were used for acquisitions of property, plant and equipment for an amount of $900,000 and of intangible assets for an amount of $24,000. This was partly offset by interest income received of $20,000. Acquisitions of property, plant and equipment were made primarily for the relocation in the new facility.

Financing activities

For the three-month period ended May 31, 2017, cash flows generated by our financing activities were $737,000. The net proceeds from the issuance of shares of $667,000 and the increase in our long-term debt of $190,000 were partly offset by the $110,000 payment on the long-term debt and by the $10,000 of interest paid.

For the three-month period ended May 31, 2016, cash flows generated by our financing activities were $6,355,000. The net proceeds from the issuance of shares and units of $4,990,000 and the increase in our long-term debt of $1,399,000 were partly offset by the $34,000 payment on the long-term debt.

SUBSEQUENT EVENT

On June 6, 2017, the Board of Directors authorized the grant of 350,000 stock options to an Officer, as provided by Opsens' stock option plan adopted by shareholders on January 24, 2017.

INFORMATION BY REPORTABLE SEGMENTS

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 segment: 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 May 31, 2017			**Three-month period ended May 31, 2016**		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**4,691,162**	**201,186**	**4,892,348**	1,269,937	854,799	2,124,736
Internal sales	**-**	**50,927**	**50,927**	-	107,060	107,060
Depreciation of property, plant and equipment	**164,531**	**21,093**	**185,624**	145,794	26,692	172,486
Amortization of intangible assets	**18,688**	**3,800**	**22,488**	15,523	1,670	17,193
Financial expenses (revenues)	**(55,746)**	**59,562**	**3,816**	(107,946)	66,933	(41,013)
Change in fair value of embedded derivative	**(151,897)**	**-**	**(151,897)**	415,548	-	415,548
Net loss	**(1,254,954)**	**(590,154)**	**(1,845,108)**	(2,303,331)	(769,947)	(3,073,278)
Acquisition of property, plant and equipment	**152,356**	**1,387**	**153,743**	290,465	43,659	334,124
Additions to intangible assets	**28,249**	**1,019**	**29,268**	12,281	2,001	14,282
Segment assets	**26,060,201**	**1,765,796**	**27,825,997**	18,228,303	2,763,648	20,991,951
Segment liabilities	**10,076,196**	**314,002**	**10,390,198**	10,022,868	800,490	10,823,358

	Nine-month period ended May 31, 2017			Nine-month period ended May, 2016		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**12,386,684**	**1,058,461**	**13,445,145**	4,019,589	2,556,713	6,576,302
Internal sales	**-**	**251,873**	**251,873**	-	328,179	328,179
Depreciation of property, plant and equipment	**466,279**	**68,333**	**534,612**	295,371	76,830	372,201
Amortization of intangible assets	**52,366**	**10,863**	**63,229**	47,918	5,725	53,643
Financial expenses (revenues)	**(71,130)**	**198,044**	**126,914**	(113,069)	167,970	54,901
Change in fair value of embedded derivative	**79,670**	**-**	**79,760**	644,857	-	644,857
Net loss	**(4,013,554)**	**(1,372,786)**	**(5,386,340)**	(4,983,821)	(1,270,162)	(6,253,983)
Acquisition of property, plant and equipment	**369,443**	**9,024**	**378,467**	2,768,334	52,084	2,820,418
Additions to intangible assets	**47,867**	**18,515**	**66,382**	83,247	12,210	95,457
Segment assets	**26,060,201**	**1,765,796**	**27,825,997**	18,228,303	2,763,648	20,991,951
Segment liabilities	**10,076,196**	**314,002**	**10,390,198**	10,022,868	800,490	10,823,358

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

	Three-month periods ended May 31,		**Nine-month periods ended May 31,**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Net loss per reportable segments	**(1,845,108)**	(3,073,278)	**(5,386,340)**	(6,253,983)
Elimination of inter-segment profits	**3,250**	(2,552)	**2,232**	(2,552)
Net loss and comprehensive loss	**(1,841,858)**	(3,075,830)	**(5,384,108)**	(6,256,535)

Geographic sector's information

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2017	2016	**2017**	2016
	$	$	**$**	$
Revenues per geographic sector				
Japan	**2,033,233**	480,149	**5,154,289**	2,267,072
United States	**1,280,330**	286,755	**3,524,066**	939,471
Canada	**377,002**	717,389	**1,206,277**	1,839,998
Others*	**1,201,783**	640,443	**3,560,513**	1,529,761
	4,892,348	2,124,736	**13,445,145**	6,576,302

* Comprised of 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 May 31, 2017, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 42% (medical's reportable segment) and 15% (medical's reportable segment).

During the three-month period ended May 31, 2016, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 23% (industrial's reportable segment) and 19% (medical's reportable segment).

During the nine-month period ended May 31, 2017, revenues from one client represented individually more than 10% of the total revenues of the Company, i.e. approximately 42% (medical's reportable segment).

During the nine-month period ended May 31, 2016, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 34% (medical's reportable segment) and 15% (industrial's reportable segment).

Medical segment

For the three-month period ended May 31, 2017, revenues from medical segment were $4,691,000 compared with $1,270,000 for the three-month period ended May 31, 2016, an increase of $3,421,000. The increase is explained by higher FFR revenues of $2,728,000 and by higher other medical revenues of $693,000.

Gross margin was $1,967,000 for the three-month period ended May 31, 2017 compared with $245,000 for the three-month period ended May 31, 2016, an increase of $1,722,000. The gross margin percentage for the three-month period ended May 31, 2016 was 19% compared to 42% for the three-month period ended May 31, 2017. The increase in gross margin is mainly explained by higher revenues from our FFR products and from other medical revenues products line. The increase in gross margin percentage reflects higher sales volume and the related scale economy combined with enhanced productivity.

Net loss for the medical segment was $1,255,000 for the three-month period ended May 31, 2017 compared with $2,303,000 for the same period last year. The decrease in net loss is explained by higher medical sales, partly offset by higher administrative, sales and marketing and research and development expenses as explained previously.

Working capital for the medical segment as at May 31, 2017 was $14,379,000 compared with $7,884,000 as at August 31, 2016. The increase of $6,495,000 is mainly explained by higher cash and cash equivalents of $8,042,000 arising from the equity financing completed in December 2016, by higher trade and other receivables of $2,894,000 and by higher inventory of $693,000. This is partly offset by a higher level of accounts payable and accrued liabilities of $1,444,000 and by the reclassification of the convertible debenture, amounting to $4,041,000, in current liabilities since its maturity date is less than twelve (12) months.

Industrial segment

For the three-month period ended May 31, 2017, revenues from industrial segment were $201,000 compared with $855,000 for the three-month period ended May 31, 2016, a decrease of $654,000. The decrease is explained by lower revenues related to the oil and gas product line of $479,000, a consequence of the difficult economic environment in Alberta, Canada.

Gross margin was $79,000 for the three-month period ended May 31, 2017 compared with $272,000 for the same period in 2016, a decrease of $193,000. Gross margin percentage increase from 32% for the three-month period ended May 31, 2016 to 39% for the three-month period ended May 31, 2017. The increase in gross margin and gross margin percentage is mainly explained by sales of product with higher margin than last year.

Net loss for the industrial segment was $590,000 for the three-month period ended May 31, 2017 compared to $770,000 for the three-month period ended May 31, 2016. The decrease in net loss is mainly explained by a lower level of administrative expenses.

Working capital for the industrial segment as at May 31, 2017 was $1,251,000 compared with $1,619,000 as at August 31, 2016. The decrease of $368,000 is mainly explained by lower trade and other receivables of $303,000 and by lower inventory of $248,000. This is partly offset by lower accounts payable and accrued liabilities of $216,000.

NINE-MONTH PERIODS ENDED MAY 31, 2017 AND 2016

Revenues

Revenue totalled $13,446,000 for the nine-month period ended May 31, 2017 compared with $6,576,000 a year earlier. The increase is explained by higher medical revenues of $7,360,000 and by the recognition of licensing revenues of $1,007,750 (US$750,000) related to a technical milestone payment. This was partially offset by a decrease in industrial revenues of $1,498,000.

Gross margin

Information and analysis in this section do not take into consideration licensing revenues arising from the Abiomed agreement ($1,282,000 and $275,000 for the nine-month period ended May 31, 2017 and 2016, respectively).

Gross margin was $4,213,000 for the nine-month period ended May 31, 2017 compared with $1,488,000 for the same period last year, an increase of $3,731,000. The gross margin percentage increased from 24% for the nine-month period ended May 31, 2016 to 35% for the nine-month period ended May 31, 2017. The increase in gross margin is explained by higher medical revenues. The increase in gross margin percentage reflects higher sales volume and the related scale economy combined with enhanced productivity.

Administrative expenses

Administrative expenses were $3,007,000 and $2,851,000, respectively, for the nine-month periods ended May 31, 2017 and 2016. The increase is mainly explained by higher professional fees and by higher stock-based compensation costs. This is partly offset by a lower allowance for doubtful account and rental fees.

Sales and marketing expenses

Sales and marketing expenses for the nine-month period ended May 31, 2017 totalled $5,270,000, an increase of $2,843,000 over the $2,427,000 reported during the same period in 2016. The increase is largely explained by higher headcount, commissions, tradeshows, travelling and subcontractor expenses when compared with last year due to the expansion of Opsens' sales channel for its FFR products.

Research and development expenses

Research and development expenses totalled $2,395,000 for the nine-month period ended May 31, 2017, an increase of 353,000$ over the $2,042,000 reported during the same period in 2016. The variation is mainly explained by higher salaries and fringe benefits for our FFR activities, by higher supplies and by higher rental fees, partly offset by lower subcontractors' expenses.

Financial expenses

Financial expenses reached $127,000 for the nine-month period ended May 31, 2017 compared with $55,000 for the same period last year. The increase in financial expenses during the period is explained by a less favorable exchange rate resulting in a negative impact of $101,000 and by higher interest expenses of $28,000. This is partly offset by higher interest revenues $60,000.

Change in fair value of embedded derivative

During the nine-month period ended May 31, 2017, an expense of $80,000 ($645,000 for the nine-month period ended May 31, 2016) was recorded in the consolidated statements of loss and comprehensive loss.

Net loss

As a result of the foregoing, net loss for the nine-month period ended May 31, 2017 was $5,384,000 compared with net loss of $6,257,000 for the same period in 2016.

INFORMATION ON SHARE CAPITAL

For the nine-month period ended May 31, 2017, the Company granted to some employees and Directors a total of 2,207,750 stock options with an average exercise price of $1.56, cancelled 874,250 stock options with an exercise price of $0.97 and 898,250 stock options with an average exercise price of $0.39 were exercised.

For the nine-month period ended May 31, 2016, the Company granted to some employees, Directors and consultants a total of 2,004,750 stock options with an average exercise price of $0.89, cancelled 3,750 stock options with an exercise price of $0.57 and 283,750 stock options with an average exercise price of $0.52 were exercised.

For the nine-month period ended May 31, 2017, 627,001 warrants with an average exercise price of $1.17 were exercised.

For the nine-month period ended May 31, 2016, the Company issued 5,313,610 warrants with an average exercise price of $1.36 and issued 313,886 warrants to brokers with an average exercise price of $0.88. Also, 2,670,110 warrants with an average exercise price of $1.05 expired and 790,316 warrants with an average exercise price of $0.74 were exercised.

As at June 28, 2017, the following components of shareholders' equity are outstanding:

Common shares	85,540,816
Stock options	5,638,750
Warrants	2,380,500
Convertible debenture	3,546,667
Securities on a fully diluted basis	97,106,733

The number of shares that would be issued upon conversion of the debenture may vary depending on various parameters such as the exchange rate and the conversion price per share. In the table above, the conversion was carried out on the assumption that the exchange rate between the U.S. dollar and the Canadian dollar is 1.33 and the conversion price is equal to $0.75 per share.

No dividend was declared per share for each share class.

RELATED-PARTY TRANSACTIONS

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

	Three-month periods ended May 31,		**Nine-month periods ended May 31,**	
	2017	2016	**2017**	2016
	$	$	**$**	$
Professional fees paid to a company controlled by a director	**9,438**	6,898	**59,134**	26,815

Fees are incurred for the Company's FFR activities.

CAPACITY TO PRODUCE RESULTS

As discussed in the section *Liquidity and Capital Resources*, the Company has the required financial resources for its short-term operations, to fulfill its commitments, to support its growth plan and for the development of its activities. On a mid-term perspective, it is possible that additional financing, through the issuance of shares or debt financing or any other means of financing, might be required.

During the next year, the increase in the activity level should require additional investment in working capital of approximately $2,500,000. Additional investments of approximately $1,500,000 will also be required for the acquisition of property, plant and equipment and to finance the anticipated negative EBITDACO.

From the human resources' perspective, there are no vacancies in the major executive positions within the Company. However, additional technical and production personnel as well as sales and marketing personnel will be required to support the expected growth. Taking into account the employment market in Canada, Opsens is confident in its capacity to recruit qualified human resources in a timely fashion.

Regarding the strategy on corporate executive remuneration, it is oriented towards creation of long-term value for the shareholders. Several corporate executives hold an important share and share-purchase option position, with rights to be acquired over a four-year period in order to align shareholders' interest with corporate executives' interest. This long-term vision stimulates innovation and the development of recurrent revenues.

FUTURE ACCOUNTING CHANGES

Future accounting changes, as described in note 4 of the Audited Consolidated Financial Statements for the year ended August 31, 2016, have not materially changed since August 31, 2016 except for the changes in accounting policies described in note 2 to the Condensed Interim Consolidated Financial Statements for the nine-month period ended May 31, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

As of May 31, 2017, the Company was not the primary beneficiary in Special Purpose Entities and there were no off-balance sheet arrangements.

OTHER INFORMATION

Updated information on the Company can be found on the SEDAR web site at http://www.sedar.com.

On behalf of management,
Chief Financial Officer and Corporate Secretary

(s) Robin Villeneuve

June 28, 2017