MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 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 period ended November 30, 2017 in comparison with the corresponding periods ended November 30, 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, 2017 and 2016, 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 January 12, 2018. 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 January 12, 2018 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 is estimated at approximately US$450 million in 2017 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.

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 is currently present, with its sales channels in the U.S., in more than 30 countries in Europe, in Middle East, in Canada and in Japan.

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.

The OptoWire' performance was highlighted in several occasions throughout the year and more recently in *Cardiovascular Intervention and Therapeutics*. According to the results obtained with 90 OptoWire units, it may be reasonable to use Opsens' guidewire as a workhorse-type guidewire in percutaneous coronary interventions.

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.

Recently, Opsens via its wholly owned subsidiary Opsens Solutions has received the first prize in the category "Best Innovative Product – Physics Measurements" in the Technological Awards Ranking of the magazine Mesures. This honor was bestowed upon Opsens during the 22nd edition of this event held in Paris.

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.

(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.

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 reaches approximately US$450 million in 2017 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. New industrial versions of the strain sensor like the optical foil gauge and the CoreSens system 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 the last two years, 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 or other measurement methods 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 thirty countries in Europe and Asia. These agreements enable Opsens to focus on market penetration and key opinion leaders will continue going forward.
    - **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.

(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

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 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.

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 November 30, 2017**	**Three-month period ended November 30, 2016**
	$	**$**
Net loss	(936)	(2,541)
Financial expenses (revenues)	(26)	152
Depreciation of property, plant and equipment	197	178
Amortization of intangible assets	26	21
Change in fair value of embedded derivative	501	186
EBITDAC	(238)	(2,004)
Stock-based compensation costs	193	250
EBITDACO	(45)	(1,754)

The positive variance of EBITDACO for the three-month period ended November 30, 2017 when compared with last year is mainly explained by increase revenues in the medical and industrial sector and by licensing revenue of $936,900 (US$750,000) for a technical milestone payment related to Abiomed agreement. This was partly offset by higher sales and marketing and research and development expenses as explained further below. Also, the reversal of an allowance for doubtful account of $107,000 recorded in the industrial sector positively impacted EBITDACO.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Three-month period ended November 30, 2017	Three-month period ended November 30, 2016
	$	$
Revenues		
Sales	5,336	3,654
Licensing	1,028	91
	6,364	3,745
Cost of sales	3,028	2,554
Gross margin	3,336	1,191
Gross margin percentage	52%	32%
Expenses (incomes)		
Administrative expenses	729	888
Sales and marketing expenses	2,197	1,770
R&D expenses	871	736
Financial expenses (revenues)	(26)	152
Change in fair value of embedded derivative	501	186
	4,272	3,732
Net loss and comprehensive loss	(936)	(2,541)
Net loss per share - Basic and diluted	(0.01)	(0.03)

Revenues

The Company reported revenues of $6,364,000 for the three-month period ended November 30, 2017 compared with revenues of $3,745,000 for the comparative period in 2016, an increase of $2,619,000 or 70%.

Revenues in the medical sector totalled $5,739,000 for the three-month period ended November 30, 2017 compared with revenues of $3,330,000 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 $3,359,000 for the three-month period ended November 30, 2017, an increase of $616,000 over the $2,743,000 reported for the same period last year. The increase in revenues in the medical sector is also explained by higher other medical revenues of $856,000 mainly related by Abiomed agreement and by the recognition of non-recurring revenues of $936,900 (US$750,000) for the achievement of a technical milestone of the Abiomed agreement.

Revenues in the industrial sector totalled $625,000 for the three-month period ended November 30, 2017 compared with revenues of $415,000 for the same period in 2016. This increase is mostly explained by significant orders placed by customers.

For the period ended November 30, 2017 and November 30, 2016, pricing fluctuations did not have a significant impact on revenues.

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 November 30, 2017, sales were negatively affected by $191,000 (sales were positively affected by $15,000 for the three-month period ended November 30, 2016).

As of November 30, 2017, Opsens' total backlog of orders amounted to $3,955,000 ($1,978,000 as at November 30, 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.

Gross margin

Information and analysis in this section do not take into consideration licensing revenues arising from the Abiomed agreement ($1,028,000 for the three-month period ended November 30, 2017 and 91,000 for the three-month period ended November 30, 2016, respectively).

Gross margin was $2,308,000 for the three-month period ended November 30, 2017 compared with $1,100,000 for the same period last year. The gross margin percentage increased from 30% for the three-month period ended November 30, 2016 to 43% for the three-month period ended November 30, 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 $729,000 and $888,000, respectively, for the three-month period ended November 30, 2017 and 2016. The decrease is mainly explained by the reversal of an allowance for doubtful account related to a client in the oil and gas sector and by lower stock-based compensation expenses.

Sales and marketing expenses

Sales and marketing expenses totalled $2,197,000 for the three-month period ended November 30, 2017, an increase of $427,000 over the $1,770,000 reported during the same period in 2016. The increase is largely explained by higher headcount, commissions, tradeshows, travelling and subcontractors when compared with last year due to the expansion of Opsens' sales channel for its FFR products in United States.

Research and development expenses

Research and development expenses totalled $871,000 for the three-month period ended November 30, 2017, an increase of $135,000 over the $736,000 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 expenses and by a reduction in tax credits.

Financial expenses (revenues)

Financial revenues reached $26,000 for the three-month period ended November 30, 2017 compared with financial expenses of $152,000 for the same period in 2016. The increase in financial revenues is explained by a more favorable exchange rate resulting in a positive impact of $162,000.

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 November 30, 2017, an expense of $501,000 ($186,000 for the three-month period ended November 30, 2016) was recorded in the consolidated statements of loss and comprehensive loss. On November 16, 2017, the holder of the debenture exercised its conversion option.

Net loss

As a result of the foregoing, net loss for the three-month period ended November 30, 2017 was $936,000 compared with $2,541,000 for the same period in 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

(In thousands of Canadian dollars)	**As at November 30, 2017**	**As at August 31, 2017**
	$	**$**
Current assets	23,406	23,607
Total assets	27,464	27,610
Current liabilities	3,990	7,698
Long-term liabilities	1,790	1,947
Shareholders' equity	21,684	17,965

Total assets as at November 30, 2017 were $27,464,000 compared with $27,610,000 as at August 31, 2017. The decrease is mainly related to lower trade and other receivables of $532,000 and by lower tax credit receivable of $451,000. This is partly offset by the increase of cash and cash equivalents of $837,000.

Current liabilities totalled $3,990,000 as at November 30, 2017 compared with $7,698,000 as at August 31, 2017. The decrease is mainly explained by the conversion of the convertible debenture amounting to $3,853,000 and the reclassification of the amount in the shareholders' equity. Also, this is partly offset by the higher accounts payable and accrued liabilities of $189,000 related to the increase in production of FFR products.

Long-term liabilities totalled $1,790,000 as at November 30, 2017 compared with $1,947,000 as at August 31, 2017, a decrease of $157,000. The decrease is mainly explained by a lower portion of long-term debt of $94,000.

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 November 30, 2017**	**Three-month period ended August 31, 2017**	**Three-month period ended May 31, 2017**	**Three-month period ended February 28, 2017**
	$	**$**	**$**	**$**
Revenues	6,364	4,307	4,892	4,808
Net loss for the period	(936)	(1,153)	(1,842)	(1,001)
Net loss per share – Basic and diluted	(0.01)	(0.02)	(0.02)	(0.01)

(Unaudited, in thousands of Canadian dollars, except for information per share)	**Three-month period ended November 30, 2016**	**Three-month period ended August 31, 2016**	**Three-month period ended May 31, 2016**	**Three-month period ended February 29, 2016**
	$	**$**	**$**	**$**
Revenues	3,745	3,024	2,125	2,741
Net loss for the period	(2,541)	(3,025)	(3,076)	(1,523)
Net loss per share – Basic and diluted	(0.03)	(0.04)	(0.05)	(0.02)

For the Medical segment, activities are generally slower in the fourth quarter due to the summer vacations of physicians.

LIQUIDITY AND CAPITAL RESOURCES

As of November 30, 2017, the Company had cash and cash equivalents of $13,407,000 compared with $12,570,000 as of August 31, 2017. Of this amount as of November 30, 2017, $11,519,000 was invested in highly liquid, safe investments. As of November 30, 2017, Opsens had a working capital of $19,416,000, compared with $15,909,000 as of August 31, 2017.

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.

The company intend the use of proceeds from the equity financing as follow:

(In thousands of Canadian dollars)	**Use of funds as planned**	**Over-Allotment**	**Funds available to Opsens from equity financing**	**Actual use of funds as at November 30, 2017**	**Funds remaining to be used**
	$	**$**	**$**	**$**	**$**
Net proceeds from the issue, including the over-allotment option	11,870,470	1,885,097	13,755,567	9,266,958	4,488,609
Use of proceeds					
Sales and Marketing	7,869,970	1,885,097	9,755,067	6,551,695	3,203,372
Research and Development					
Production of clinical data	920,000	-	920,000	40,632	879,368
Further the development of Opsens' FFR technology	2,360,000	-	2,360,000	1,954,131	405,869
Working capital	720,500	-	720,500	720,500	-
Total use of proceeds	11,870,470	1,885,097	13,755,567	9,266,958	4,488,609

There are no main variance between the use of funds planned and actual.

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.

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.

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.

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 Information Form. 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 November 30, 2017**	**Three-month period ended November 30, 2016**
	$	**$**
Operating activities	962	(1,531)
Investing activities	(68)	(92)
Financing activities	(94)	(12)
Effect of foreign exchange rate changes on cash and cash equivalent	37	8
Net change in cash and cash equivalents	837	(1,627)

Operating activities

Cash flows generated by our operating activities for the three-month period ended November 30, 2017 were $962,000 compared with cash flows used of $1,531,000 for the same period last year. The cash flows generated by our operating activities is mainly explained by a positive variance of EBITDACO as explained previously and by a positive variance in changes in non-cash operating working capital items mostly related to trade and other receivables.

Investing activities

For the three-month period November 30, 2017, cash flows used by our investing activities reached $68,000 compared to $92,000 for the three-month period ended November 30, 2016. The decrease is mainly explained by less acquisitions of intangible asset and less deferred financing cost. This is partly offset by the proceeds from disposal of property, plant and equipment from last year in the oil and gas sector.

Financing activities

For the three-month period November 30, 2017, cash flows used by our financing reach $94,000 compared to 12,000 for the three-month period November 30, 2016. The increased is mainly explained by less proceed from issuance of shares from stock options exercised.

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 periods ended November 30,					
			2017			**2016**
	Medical	Industrial	Total	Medical	Industrial	Total
	$	$	$	$	$	$
External sales	5,738,978	624,625	6,363,603	3,330,186	414,368	3,744,554
Internal sales	-	42,244	42,244	-	117,405	117,405
Gross margin	2,913,447	422,757	3,336,204	1,053,620	137,362	1,190,982
Depreciation of property, plant and equipment	177,715	19,535	197,250	153,128	24,537	177,665
Amortization of intangible assets	22,369	3,691	26,060	18,125	3,215	21,340
Financial expenses (revenues)	(79,037)	53,228	(25,809)	87,599	64,396	151,995
Change in fair value of embedded derivative	501,250	-	501,250	185,975	-	185,975
Net earnings (loss)	(1,078,493)	142,929	(935,564)	(2,150,162)	(391,088)	(2,541,250)
Acquisition of property, plant and equipment	282,372	2,827	285,199	78,093	6,405	84,498
Additions to intangible assets	17,616	-	17,616	18,950	17,331	36,281
Segment assets	25,853,278	1,610,712	27,463,990	14,034,675	2,398,362	16,433,037
Segment liabilities	5,566,700	213,814	5,780,514	10,742,621	531,889	11,274,510

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

	Three-month periods ended November 30,	
	2017	**2016**
	$	**$**
Gross margin per reportable segments	3,336,204	1,190,982
Elimination of inter-segment profits	-	(25)
Gross margin	3,336,204	1,190,957
Net loss per reportable segments	(935,564)	(2,541,250)
Elimination of inter-segment profits	-	(25)
Net loss and comprehensive loss	(935,564)	(2,541,275)

Geographic sector's information

	Three-month periods ended November 30,	
	2017	**2016**
	$	**$**
Revenue per geographic sector		
Japan	1,369,104	1,351,400
United States	2,873,075	740,963
Canada	496,391	429,041
Other*	1,625,033	1,223,150
	6,363,603	3,744,554

* 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 November 30, 2017, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 31% (medical's reportable segment) and 21% (medical's reportable segment).

During the three-month period ended November 30, 2016, revenues from one client represented individually more than 10% of the total revenues of the Company, i.e. approximately 37% (medical's reportable segment).

Medical segment

For the three-month period ended November 30, 2017, revenues from medical segment were $5,739,000 compared with $3,330,000 for the three-month period ended November 30, 2016, an increase of $2,409,000. The increase is explained by higher FFR revenues of $616,000, by higher other medical revenues of $856,000 and by the recognition of non-recurring revenues of $936,900 (US$750,000) related to the Abiomed agreement.

Gross margin was $2,913,000 for the three-month period ended November 30, 2017 compared with $1,054,000 for the three-month period ended November 30, 2016, an increase of $1,859,000. The gross margin percentage for the three-month period ended November 30, 2016 was 32% compared to 51% for the three-month period ended November, 2017. The increase in gross margin is mainly explained by higher revenues from our FFR products and from other medical revenues products line and by the recognition of non-recurring revenues of $936,900 ($US750,000) as explained previously. 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 $1,078,000 for the three-month period ended November 30, 2017 compared with $2,150,000 for the same period last year. The decrease in net loss is mainly explained by higher medical sales, partly offset by higher sales and marketing expenses as explained previously.

Working capital for the medical segment as at November 30, 2017 was $18,249,000 compared with $14,675,000 as at August 31, 2017. The increase of $3,574,000 is mainly explained by the conversion of the convertible debenture in common share for an amount of $3,853,000. This is partly offset by lower trade and other receivables of $489,000 and by lower tax credit receivable of $302,000.

Industrial segment

For the three-month period ended November 30, 2017, revenues from industrial segment were $625,000 compared with $414,000 for the three-month period ended November 30, 2016, an increase of $211,000. This increase is mostly explained by significant orders placed by customers.

Gross margin was $423,000 for the three-month period ended November 30, 2017 compared with $137,000 for the same period in 2016, an increase of $286,000. Gross margin percentage increase from 33% for the three-month period ended November 30, 2016 to 68% for the three-month period ended November 30, 2017. The increase in gross margin percentage is mainly explained by sales of product with higher margin than last year.

Net profit for the industrial segment was $143,000 for the three-month period ended November 30, 2017 compared to a net loss of $391,000 for the three-month period ended November 30, 2016. The increase in net profit is mainly explained by a higher level of sales and by the reversal of an allowance for doubtful account.

Working capital for the industrial segment as at November 30, 2017 was $1,191,000 compared with $1,235,000 as at August 31, 2017. The decrease of $44,000 is mainly explained by higher accounts payable and accrued liabilities of $56,000.

INFORMATION ON SHARE CAPITAL

For the three-month period ended November 30, 2017, the Company granted to some employees and Directors a total of 244,500 stock options with an average exercise price of $1.25, cancelled 52,500 stock options with an exercise price of $1.02 and 55,750 stock options with an average exercise price of $0.32 were exercised.

For the three-month period ended November 30, 2016, the Company granted to some employees and Directors a total of 1,310,000 stock options with an average exercise price of $1.50, cancelled 557,000 stock options with an exercise price of $0.85 and 331,000 stock options with an average exercise price of $0.29 were exercised.

For the three-month period ended November 30, 2017, 2,380,500 warrants with an average exercise price of $1.55 expired.

For the three-month period ended November 30, 2016, 35,000 warrants with an average exercise price of $1.20 were exercised.

As at January 12, 2018, the following components of shareholders' equity are outstanding:

Common shares	89,298,817
Stock options	5,777,500
Securities on a fully diluted basis	95,076,317

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 period ended November 30,	
	2017	**2016**
	$	**$**
Professional fees paid to a company controlled by a director	-	18,305

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.

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, US and EMEA, 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.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

In accordance with the requirements of National Instrument 52-109–Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on the design of disclosure controls and procedures and the design of internal controls over financial reporting. There have been no changes in the Corporation's ICFR during the three-month period ended November 30, 2017 that have materially affected, or are reasonably likely materially affecting its ICFR.

LIMITATIONS OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, including the CEO and CFO, believe that due to inherent limitations, any disclosure controls and procedures or internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Additionally, management is required to use judgment in evaluating controls and procedures.

RISK FACTORS AND UNCERTAINTIES

The Company operates in an industry that contains various risks and uncertainties. Additional risks and uncertainties not presently known by the Company, or which the Company deems to be currently insignificant, may impede the Company's performance. The materialization of one of the risks could harm the Company's activities and have significant negative impacts on its financial situation and its operating results. In that case, the Company's stock price could be affected.

There are important risks which management believes could impact the Company's business. For information on risks and uncertainties, please also refer to the "Risk Factors" section of our most recent Annual Information Form.

OFF-BALANCE SHEET ARRANGEMENTS

As of November 30, 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, CPA, CA

January 12, 2018