

Condensed Interim Consolidated Financial Statements

Opsens Inc.

Six-month periods ended February 28, 2018 and 2017
(unaudited)

Notice

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

Opsens Inc.

Six-month periods ended February 28, 2018 and 2017

Table of contents

Interim Consolidated Statements of Loss and Comprehensive Loss.....	1
Interim Consolidated Statements of Changes in Equity.....	2-3
Consolidated Statements of Financial Position.....	4
Interim Consolidated Statements of Cash Flows	5
Notes to the Condensed Interim Consolidated Financial Statements.....	6-19

Opsens Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss

(unaudited)

	Three-month periods ended		Six-month periods ended	
	February 28,		February 28,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenues				
Sales	5,351,678	3,710,145	10,687,029	7,363,347
Licensing (note 4)	90,348	1,098,098	1,118,600	1,189,450
	5,442,026	4,808,243	11,805,629	8,552,797
Cost of sales	2,649,069	2,554,574	5,676,468	5,108,171
Gross margin	2,792,957	2,253,669	6,129,161	3,444,626
Expenses (income)				
Administrative	942,007	861,330	1,670,651	1,749,713
Sales and marketing	2,233,788	1,562,203	4,430,482	3,332,160
Research and development	873,758	814,416	1,744,747	1,550,338
Financial expenses (revenues)	10,623	(28,897)	(15,186)	123,098
Change in fair value of embedded derivative (note 6)	-	45,592	501,250	231,567
	4,060,176	3,254,644	8,331,944	6,986,876
Net loss and comprehensive loss	(1,267,219)	(1,000,975)	(2,202,783)	(3,542,250)
Basic and diluted net loss per share (note 8)	(0.01)	(0.01)	(0.03)	(0.05)

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

Opsens Inc.

Interim Consolidated Statements of Changes in Equity

Six-month period ended February 28, 2018

(unaudited)

	Common shares (number)	Warrants (number)	Total (number)	Share capital \$	Reserve – Stock option plan \$	Reserve – Warrants \$	Deficit \$	Total \$
Balance as at								
August 31, 2017	85,540,816	2,380,500	87,921,316	49,581,504	2,560,583	2,899,294	(37,076,057)	17,965,324
Issued pursuant to the stock option plan (note 7a)	608,250	-	608,250	261,830	(97,634)	-	-	164,196
Warrants expired (note 7c)	-	(2,380,500)	(2,380,500)	-	-	-	-	-
Conversion of the convertible debenture (note 6)	3,677,251	-	3,677,251	4,443,003	-	-	-	4,443,003
Stock-based compensation costs	-	-	-	-	342,892	-	-	342,892
Net loss and total comprehensive loss	-	-	-	-	-	-	(2,202,783)	(2,202,783)
Balance as at February 28, 2018	89,826,317	-	89,826,317	54,286,337	2,805,841	2,899,294	(39,278,840)	20,712,632

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

Opsens Inc.

Interim Consolidated Statements of Changes in Equity

Six-month period ended February 28, 2017

(unaudited)

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

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

Opsens Inc.

Consolidated Statements of Financial Position

(unaudited)

	As at February 28, 2018	As at August 31, 2017
	\$	\$
Assets		
Current		
Cash and cash equivalents (note 9)	11,995,274	12,570,299
Trade and other receivables	3,309,282	4,218,938
Tax credits receivable	548,328	916,675
Inventories	5,559,557	5,446,508
Prepaid expenses	307,340	454,286
	21,719,781	23,606,706
Property, plant and equipment (note 3)	3,294,258	3,355,410
Intangible assets	628,329	647,685
	25,642,368	27,609,801
Liabilities		
Current		
Accounts payable and accrued liabilities	2,302,424	2,909,516
Warranty provision (note 10)	126,972	128,910
Current portion of deferred revenues (note 4)	242,609	366,408
Current portion of long-term debt (note 5)	511,848	439,438
Convertible debenture (note 6)	-	3,853,225
	3,183,853	7,697,497
Deferred revenues (note 4)	-	41,673
Long-term debt (note 5)	888,373	1,005,730
Deferred lease inducements	857,510	899,577
	4,929,736	9,644,477
Shareholders' equity		
Share capital	54,286,337	49,581,504
Reserve – Stock option plan	2,805,841	2,560,583
Reserve – Warrants	2,899,294	2,899,294
Deficit	(39,278,840)	(37,076,057)
	20,712,632	17,965,324
	25,642,368	27,609,801

Subsequent event (note 14)

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

Approved by the Board

Signed [Jean Lavigueur] director

Signed [Louis Laflamme] director

Opsens Inc.

Interim Consolidated Statements of Cash Flows

(unaudited)

	Three-month periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Operating activities				
Net loss for the period	(1,267,219)	(1,000,975)	(2,202,783)	(3,542,250)
Adjustments for:				
Depreciation of property, plant and equipment	204,790	171,323	402,040	348,988
Amortization of intangible assets	22,956	19,401	49,016	40,741
Loss (gain) on disposal of property, plant and equipment (note 3)	3,013	-	27,450	(46,826)
Stock-based compensation costs	150,016	235,017	342,892	485,246
Change in fair value of embedded derivative	-	45,592	501,250	231,567
Interest expense (revenue)	(15,963)	18,297	(22,680)	53,962
Unrealized foreign exchange loss (gain)	5,378	(36,006)	42,235	49,123
Changes in non-cash operating working capital items (note 9)	(474,168)	(1,305,488)	451,664	(1,004,215)
	(1,371,197)	(1,852,839)	(408,916)	(3,383,664)
Investing activities				
Decrease in deferred financing cost	-	46,160	-	-
Acquisition of property, plant and equipment	(228,581)	(133,425)	(480,554)	(212,220)
Income tax credits on property, plant and equipment	-	-	161,138	-
Additions to intangible assets	(12,029)	(5,630)	(34,915)	(96,584)
Proceeds from disposal of property, plant and equipment (note 3)	-	-	-	115,717
Interest received	39,391	23,424	84,762	31,384
	(201,219)	(69,471)	(269,569)	(161,703)
Financing activities				
Increase in long-term debt, net of transaction costs	213,840	-	213,840	-
Reimbursement of long-term debt	(185,218)	(188,077)	(287,718)	(325,381)
Proceeds from issuance of shares (note 7a)	146,359	15,228,604	164,196	15,365,754
Shares issues costs (note 7a)	-	(1,194,933)	-	(1,194,933)
Interest paid	(9,070)	(10,402)	(18,389)	(22,265)
	165,911	13,835,192	71,929	13,823,175
Effect of foreign exchange rate changes on cash and cash equivalents	(5,378)	(8,748)	31,531	(849)
Increase (decrease) in cash and cash equivalents	(1,411,883)	11,904,134	(575,025)	10,276,959
Cash and cash equivalents – Beginning of period	13,407,157	4,275,865	12,570,299	5,903,040
Cash and cash equivalents – End of period	11,995,274	16,179,999	11,995,274	16,179,999

Additional information on the interim consolidated statements of cash flows is presented in note 9.

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

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

1. Incorporation and Description of Business

Opsens Inc. ("Opsens" or the "Company") is incorporated under the *Business Corporations Act* (Québec). 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. The Company's head office is located at 750 Boulevard du Parc-Technologique, Québec, Québec, Canada, G1P 4S3.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, *Interim Financial Reporting* and using the same accounting policies and methods of computation as the most recent annual financial statements, except for the changes in accounting policies described below. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

Changes in Accounting Policies

New and amended standards issued but not yet effective

IFRS 9, Financial Instruments

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

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

IFRS 15, Revenue from Contracts with Customers

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

In April 2016, the IASB issued clarifications to IFRS 15, *Revenue from contracts with customers*. These clarifications provide additional clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property. The Company is currently evaluating the impact of this new standard on its financial statements.

IFRS 16, Lease

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

IFRIC 23, Uncertainty over income Tax Treatments

On June 7, 2017, the IASB issued IFRIC 23, *Uncertainty over Income Tax Treatments* (the "Interpretation"). The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires an entity to:

- contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and
- measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The Company has not yet assessed the impact of this new interpretation.

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

3. Property, Plant and Equipment

During the six-month period ended February 28, 2018, the Company disposed of diagnostic equipment with a net carrying value of \$27,450 (production equipment with a carrying value of \$68,891 for the six-month period ended February 28, 2017) for net proceeds of nil (\$115,717 for the six-month period ended February 28, 2017).

4. Deferred Revenues

a) Licensing Agreement

On April 15, 2014, the Company announced it had entered into an agreement with Abiomed, Inc. ("Abiomed") in connection with its miniature optical pressure sensor technology for applications in circulatory assist devices. The Company has granted Abiomed an exclusive worldwide license to integrate its miniature pressure sensor in connection with Abiomed's circulatory assist devices. Under the agreement, Abiomed will pay Opsens an aggregate amount of US\$6,000,000. An amount of \$1,647,000 (US\$1,500,000) has been paid on closing, while the balance will be disbursed based on the achievement of certain milestones. As at February 28, 2018, the Company still has an amount of US\$3,000,000 left to receive from this agreement.

The Company applies the principles of IAS 18, *Revenue*, to record revenues arising from the agreement with Abiomed. Therefore, the amount of \$1,647,000 (US\$1,500,000) paid on closing will be recognized over the term of the agreement. Revenues from milestone payments will be limited to costs incurred as long as the milestones are not achieved. Upon the achievement of a milestone, the unrecognized portion of the milestone will be recorded as revenues. For the six-month period ended February 28, 2018, an amount of \$181,700 (\$181,700 for the six-month period ended February 28, 2017) related to the Abiomed agreement has been recognized as licensing revenues in the consolidated statements of loss and comprehensive loss.

During the six-month period ended February 28, 2018, 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 \$936,900 (US\$750,000) (\$1,007,750 (US\$750,000) for the six-month period ended February 28, 2017).

b) Other Deferred Revenues

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

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

5. Long-term Debt

	As of February 28, 2018	As of August 31, 2017
	\$	\$
<hr/>		
Contributions repayable to Ministère des Finances et de l'Économie (MFE), without interest (effective rate of 9%), repayable in five equal and consecutive annual instalments of \$82,718, maturing in February 2020.		
Debt balance	165,435	248,153
Imputed interest	(20,690)	(30,583)
	<hr/> 144,745	<hr/> 217,570
<hr/>		
Contributions repayable to Canada Economic Development, without interest (effective rate of 13.5%), repayable in twenty equal and consecutive quarterly instalments of \$15,000, maturing in August 2020.		
Debt balance	150,000	180,000
Imputed interest	(23,449)	(32,601)
	<hr/> 126,551	<hr/> 147,399
<hr/>		
Contributions repayable to Canada Economic Development, without interest (effective rate of 12%), repayable in 59 equal and consecutive monthly instalments of \$3,333 starting November 2018 and a final payment of \$3,353, maturing in October 2023. The difference between amounts received and estimated fair value is recognized as government grants.		
Debt balance	200,000	200,000
Imputed interest	(57,765)	(65,601)
	<hr/> 142,235	<hr/> 134,399
<hr/>		
Secured loan from Export Development Canada, bearing interest at prime rate plus 2.0%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, payable in 48 monthly instalments of \$10,417, maturing in April 2018. Amounts received are net of transaction costs of \$2,500.	270,012	332,156
<hr/>		
Term loan, bearing interest at prime rate plus 0.25%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, payable in forty-eight monthly instalments of \$18,750, maturing in May 2020. Amounts received are net of transaction costs of \$9,000.	502,782	613,644
<hr/>		
Continued	1,186,325	1,445,168
<hr/>		

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

	As of February 28, 2018	As of August 31, 2017
	\$	\$
Continued	1,186,325	1,445,168
Term loan, bearing interest at prime rate plus 0.25%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, payable in forty-eight monthly instalments of \$4,500, maturing in February 2022. Amounts received are net of transaction costs of \$2,160.	213,896	-
	1,400,221	1,445,168
Current portion	511,848	439,438
	888,373	1,005,730

6. Convertible Debenture

On November 19, 2012, the Company issued a US\$2,000,000 (\$2,002,000) subordinated secured convertible debenture maturing November 19, 2017. The convertible debenture bore interest at a rate of 2.0% per annum, payable at maturity. At the holder's option, the convertible debenture could have been 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 was subject to a minimum of \$0.50 and a maximum of \$0.75 per common share (the "conversion price").

The convertible debenture was 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 had been at least \$1.20 and if a minimum of 50,000 common shares had been traded on the TSX Exchange during each of the twenty trading days taken into account in the calculation of the conversion price.

As noted above, the convertible debenture contained 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 was 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 was subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative was subsequently measured at fair value at each reporting date, with gains and losses in fair value recognized through profit or loss.

On November 16, 2017, the Company received a notice of conversion from the holder of the convertible debenture. At that date, the debt component was at \$2,816,548 (\$2,755,572 as at August 31, 2017) including accrued interest of \$267,545 (\$251,070 as at August 31, 2017). The debt component was converted into 3,413,333 common shares of the Company at a price of \$0.75 per share and accrued interest was converted into 263,918 common shares of the Company at a price of \$0.97 per share. The embedded derivative had a value of \$1,626,455 (\$1,097,653 as at August 31, 2017). These two components were credited to share capital.

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

7. Shareholders' Equity

a) Share capital

On December 8, 2016, the Company completed a public offering for aggregate gross proceeds of \$14,950,500. In connection with the offering, the Company issued a total of 9,967,000 shares at a price of \$1.50 per share. Expenses of the offering include underwriting fees of \$889,530 and other professional fees and miscellaneous fees of \$305,403 for total fees of \$1,194,933.

During the six-month period ended February 28, 2018, following the exercise of stock options, the Company issued 608,250 common shares (639,000 common shares and 12,500 common shares were subscribed but not issued for the six-month period ended February 28, 2017) for a cash consideration of \$164,196 (\$291,651 for the six-month period ended February 28, 2017). As a result, an amount of \$97,634 was reallocated from "Reserve – Stock option plan" to "Share capital" in shareholders' equity (\$145,923 for the six-month period ended February 28, 2017).

During the six-month period ended February 28, 2018, there was no exercise of warrants (119,742 for the six-month period ended February 28, 2017 for a cash consideration of \$123,603). As a result, no amount was reallocated from "Reserve – Warrants" to "Share capital" in shareholders' equity (\$26,062 for the six-month period ended February 28, 2017).

b) Stock options

The changes in the number of stock options granted by the Company and their weighted-average exercise prices, for the six-month periods ended February 28, 2018 and 2017, are as follows:

	<u>Six-month period ended February 28, 2018</u>		<u>Six-month period ended February 28, 2017</u>	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – Beginning of period	5,966,250	1.10	5,029,500	0.70
Granted	564,500	1.18	1,982,750	1.56
Exercised	(608,250)	0.27	(651,500)	0.45
Cancelled	(722,125)	1.41	(603,875)	0.86
Expired	(151,250)	0.68	-	-
Balance – End of period	5,049,125	1.17	5,756,875	1.01

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

The fair value of the options granted issued was estimated using the Black-Scholes option pricing model using the following assumptions:

	Six-month period ended February 28, 2018	Six-month period ended February 28, 2017
Risk-free interest rate	Between 1.44% and 1.91%	Between 0.50% and 1.08%
Volatility	Between 44.09% and 75.49%	Between 51.57% and 102.25%
Dividend yield on shares	Nil	Nil
Expected life	0 to 5 years	0 to 5 years
Weighted share price	\$1.18	\$1.56
Weighted fair value per option at the grant date	\$0.48	\$0.73

c) Warrants

The changes in the number of warrants issued by the Company and their weighted-average exercise prices, for the six-month periods ended February 28, 2018 and February 28, 2017, are as follows:

	Six-month period ended February 28, 2018		Six-month period ended February 28, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance – Beginning of period	2,380,500	\$ 1.55	5,617,496	1.33
Exercised	-	-	(119,742)	1.03
Expired	(2,380,500)	1.55	-	-
Balance – End of period	-	-	5,497,754	1.34

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

8. Net Loss per Share

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

	Three-month periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Net loss attributable to shareholders				
Basic and diluted	(1,267,219)	(1,000,975)	(2,202,783)	(3,542,250)
Number of shares				
Diluted weighted average number of shares outstanding	89,488,789	81,915,037	87,651,491	77,444,035
Amount per share				
Basic and diluted net loss per share	(0.01)	(0.01)	(0.03)	(0.05)

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

	Three-month periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
Stock options	2,950,250	822,750	2,680,250	822,750
Warrants	-	-	-	-
Convertible debenture	-	\$2,002,000	-	\$2,002,000

For the three-month and six-month periods ended February 28, 2018 and 2017, the diluted amount per share was the same amount as the basic amount per share, since the dilutive effect of stock options, warrants and convertible debenture was not included in the calculation; otherwise, the effect would have been antidilutive. Accordingly, the diluted amount per share for these periods was calculated using the basic weighted average number of shares outstanding.

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

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

	Three-month periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
	\$	\$	\$	\$
<i>Changes in non-cash operating working capital items</i>				
Trade and other receivables	377,776	(83,512)	909,656	(1,067,476)
Tax credits receivable	(83,072)	(48,387)	207,209	(153,767)
Inventories	9,696	98,814	(113,049)	(48,081)
Prepaid expenses	(30,237)	11,505	146,946	112,285
Accounts payable and accrued liabilities	(655,042)	(505,634)	(489,621)	371,764
Warranty provision	2,155	5,803	(1,938)	1,350
Deferred revenues	(74,120)	(764,498)	(165,472)	(181,700)
Deferred lease inducements	(21,324)	(19,579)	(42,067)	(38,590)
	(474,168)	(1,305,488)	451,664	(1,004,215)
<i>Supplementary information</i>				
Tax credits recorded against property, plant and equipment	-	93,333	-	93,333
Unpaid acquisition of property, plant and equipment	46,649	30,553	46,649	30,553
Unpaid additions to intangible assets	690	165	690	165
			As of February 28, 2018	As of August 31, 2017
			\$	\$
<i>Cash and cash equivalents</i>				
Cash			1,505,878	794,470
Short-term investments			10,489,396	11,775,829
			11,995,274	12,570,299

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

10. Contractual Guarantees

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

	Six-month periods ended	
	February 28, 2018	February 28 2017
	\$	\$
Balance – Beginning of period	128,910	177,870
Provisions recognized	32,000	39,000
Amounts used during the period	(33,938)	(37,650)
Balance – End of period	126,972	179,220

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

11. Fair Value of Financial Instruments

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

	As of February 28, 2018	As of August 31, 2017
	Fair Value and Carrying Value	Fair Value and Carrying Value
	Input level*	
	\$	\$

Financial assets (liabilities) measured at fair value:

Convertible debenture – embedded derivative	2	-	(1,223,978)
---	---	---	-------------

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

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

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

12. Segmented Information

Sector's Information

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

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

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

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

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

	Three-month period ended February 28, 2018			Three-month period ended February 28, 2017		
	Medical	Industrial	Total	Medical	Industrial	Total
	\$	\$	\$	\$	\$	\$
External sales	5,017,001	425,025	5,442,026	4,365,336	442,907	4,808,243
Internal sales	-	24,206	24,206	-	83,541	83,541
Gross margin	2,557,491	235,466	2,792,957	2,009,338	245,324	2,254,662
Depreciation of property, plant and equipment	185,437	19,353	204,790	148,620	22,703	171,323
Amortization of intangible assets	19,254	3,702	22,956	15,553	3,848	19,401
Financial expenses (revenues)	(60,283)	70,906	10,623	(102,983)	74,086	(28,897)
Change in fair value of embedded derivative	-	-	-	45,592	-	45,592
Net loss	(1,089,832)	(177,387)	(1,267,219)	(608,438)	(391,544)	(999,982)
Acquisition of property, plant and equipment	83,138	-	83,138	138,994	1,232	140,226
Additions to intangible assets	11,744	300	12,044	668	165	833
Segment assets	24,155,056	1,487,312	25,642,368	25,840,670	2,258,021	28,098,691
Segment liabilities	4,715,007	214,729	4,929,736	9,363,642	308,809	9,672,451

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

	Six-month period ended February 28, 2018			Six-month period ended February 28, 2017		
	Medical	Industrial	Total	Medical	Industrial	Total
	\$	\$	\$	\$	\$	\$
External sales	10,755,979	1,049,650	11,805,629	7,695,522	857,275	8,552,797
Internal sales	-	66,450	66,450	-	200,946	200,946
Gross margin	5,470,938	658,223	6,129,161	3,062,958	382,686	3,445,644
Depreciation of property, plant and equipment	363,152	38,888	402,040	301,748	47,240	348,988
Amortization of intangible assets	41,623	7,393	49,016	33,678	7,063	40,741
Financial expenses (revenues)	(139,320)	124,134	(15,186)	(15,384)	138,482	123,098
Change in fair value of embedded derivative	501,250	-	501,250	231,567	-	231,567
Net loss	(2,168,325)	(34,458)	(2,202,783)	(2,758,600)	(782,632)	(3,541,232)
Acquisition of property, plant and equipment	365,510	2,827	368,337	217,087	7,637	224,724
Additions to intangible assets	29,360	300	29,660	19,618	17,496	37,114
Segment assets	24,155,056	1,487,312	25,642,368	25,840,670	2,258,021	28,098,691
Segment liabilities	4,715,007	214,729	4,929,736	9,363,642	308,809	9,672,451

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

	Three-month periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Gross margin per reportable segments	2,792,957	2,254,662	6,129,161	3,445,644
Elimination of inter-segment profits	-	(993)	-	(1,018)
Gross margin	2,792,957	2,253,669	6,129,161	3,444,626
Net loss per reportable segments	(1,267,219)	(999,982)	(2,202,783)	(3,541,232)
Elimination of inter-segment profits	-	(993)	-	(1,018)
Net loss and comprehensive loss	(1,267,219)	(1,000,975)	(2,202,783)	(3,542,250)

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

Geographic sector's information

	Three-month periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenues per geographic sector				
Japan	1,284,130	1,769,655	2,653,234	3,121,055
United States	2,196,001	1,502,773	5,069,076	2,243,736
Canada	475,636	400,235	972,027	829,276
Others*	1,486,259	1,135,580	3,111,292	2,358,730
	5,442,026	4,808,243	11,805,629	8,552,797

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

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

During the three-month period ended February 28, 2018, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 23% (medical's reportable segment) and 23% (medical's reportable segment).

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

During the six-month period ended February 28, 2018, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 27% (medical's reportable segment) and 22% (medical's reportable segment).

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

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Six-month periods ended February 28, 2018 and 2017

(unaudited)

13. Related-party Transactions

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

	Three-month periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Professional fees paid to a company controlled by a director	-	31,391	-	49,696

Fees are incurred for the Company's FFR activities.

Key management personnel, having authority and responsibility for planning, directing and controlling the activities of the Company, comprise the Chief Executive Officer, the Chief Financial Officer, the Business Unit Manager of Opsens Solutions Inc., and other vice presidents. Compensation of key management personnel and directors during the three-month and six-month periods ended February 28, 2018 and 2017 was as follows:

	Three-month periods ended February 28,		Six-month periods ended February 28,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Short-term salaries and other benefits	288,401	291,831	732,854	695,136
Option-based awards	25,449	67,135	60,996	134,719
	313,850	358,966	793,850	829,855

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

14. Subsequent Event

On March 22, 2018, the Company achieved a technical milestone related to the agreement with Abiomed and the Company received a payment, amounting to \$654,400 (US\$500,000) that will be recorded as licensing revenues in the consolidated statements of loss and comprehensive loss during the third quarter of fiscal year 2018.

15. Approval of Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on April 11, 2018.