Condensed Interim Consolidated Financial Statements

Opsens Inc.

Nine-month periods ended May 31, 2018 and 2017
(unaudited)

Notice

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

Opsens Inc.
Nine-month periods ended May 31, 2018 and 2017

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Opsens Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss
(unaudited)

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Revenues				
Sales	**5,650,950**	4,799,992	**16,337,979**	12,163,339
Licensing (note 4)	**746,756**	92,356	**1,865,356**	1,281,806
	6,397,706	4,892,348	**18,203,335**	13,445,145
Cost of sales	**2,808,949**	2,842,500	**8,485,417**	7,950,671
Gross margin	**3,588,757**	2,049,848	**9,717,918**	5,494,474
Expenses (income)				
Administrative	**1,072,597**	1,257,704	**2,743,248**	3,007,417
Sales and marketing	**2,460,341**	1,937,763	**6,890,823**	5,269,923
Research and development	**905,189**	844,320	**2,649,936**	2,394,658
Financial expenses (income)	**(2,881)**	3,816	**(18,067)**	126,914
Change in fair value of embedded derivative (note 6)	**-**	(151,897)	**501,250**	79,670
	4,435,246	3,891,706	**12,767,190**	10,878,582
Net loss and comprehensive loss	**(846,489)**	(1,841,858)	**(3,049,272)**	(5,384,108)
Basic and diluted net loss per share (note 8)	**(0.01)**	(0.02)	**(0.03)**	(0.07)

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

Opsens Inc.

Interim Consolidated Statements of Changes in Equity
Nine-month period ended May 31, 2018
(unaudited)

	Common shares	Warrants	**Total**	Share capital	Reserve – Stock option plan	Reserve – Warrants	Deficit	**Total**
	(number)	(number)	**(number)**	$	$	$	$	**$**
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)	645,750	-	**645,750**	309,999	(117,679)	-	-	**192,320**
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	-	-	**-**	-	489,514	-	-	**489,514**
Net loss and comprehensive loss	-	-	**-**	-	-	-	(3,049,272)	**(3,049,272)**
Balance as at May 31, 2018	89,863,817	-	**89,863,817**	54,334,506	2,932,418	2,899,294	(40,125,329)	**20,040,889**

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

Opsens Inc.

Interim Consolidated Statements of Changes in Equity
Nine-month period ended May 31, 2017
(unaudited)

	Common shares	Warrants	**Total**	Share capital	Reserve – Stock option plan	Reserve – Warrants	Deficit	**Total**
	(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)	898,250	-	**898,250**	530,707	(180,631)	-	-	**350,076**
Warrants exercised (note 7c)	627,001	(627,001)	**-**	847,706	-	(115,392)	-	**732,314**
Stock-based compensation costs	-	-	**-**	-	669,527	-	-	**669,527**
Net loss and comprehensive loss	-	-	**-**	-	-	-	(5,384,108)	**(5,384,108)**
Balance as at May 31, 2017	84,121,289	4,990,495	**89,111,784**	47,811,591	2,408,985	3,138,345	(35,923,122)	**17,435,799**

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

Opsens Inc.

Consolidated Statements of Financial Position

(unaudited)

	As at May 31, 2018	As at August 31, 2017
	$	$
Assets		
Current		
Cash and cash equivalents (note 9)	**11,621,570**	12,570,299
Trade and other receivables	**3,749,028**	4,218,938
Tax credits receivable	**275,736**	916,675
Inventories	**5,297,951**	5,446,508
Prepaid expenses	**487,841**	454,286
	21,432,126	23,606,706
Property, plant and equipment (note 3)	**3,263,376**	3,355,410
Intangible assets	**650,448**	647,685
	25,345,950	27,609,801
Liabilities		
Current		
Accounts payable and accrued liabilities	**2,833,391**	2,909,516
Warranty provision (note 10)	**138,980**	128,910
Current portion of deferred revenues (note 4)	**192,596**	366,408
Current portion of long-term debt (note 5)	**525,455**	439,438
Convertible debenture (note 6)	**-**	3,853,225
	3,690,422	7,697,497
Deferred revenues (note 4)	**-**	41,673
Long-term debt (note 5)	**771,346**	1,005,730
Deferred lease inducements	**843,293**	899,577
	5,305,061	9,644,477
Shareholders' equity		
Share capital	**54,334,506**	49,581,504
Reserve – Stock option plan	**2,932,418**	2,560,583
Reserve – Warrants	**2,899,294**	2,899,294
Deficit	**(40,125,329)**	(37,076,057)
	20,040,889	17,965,324
	25,345,950	27,609,801

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 May 31,		Nine-month periods ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Operating activities				
Net loss for the period	**(846,489)**	(1,841,858)	**(3,049,272)**	(5,384,108)
Adjustments for:				
Depreciation of property, plant and equipment	**200,385**	185,624	**602,425**	534,612
Amortization of intangible assets	**25,611**	22,488	**74,627**	63,229
Loss (gain) on disposal of property, plant and equipment (note 3)	**(1,144)**	(5,903)	**26,306**	(52,729)
Write-off of intangible assets	**-**	11,225	**-**	11,225
Stock-based compensation costs	**146,622**	184,281	**489,514**	669,527
Change in fair value of embedded derivative	**-**	(151,897)	**501,250**	79,670
Interest expense (revenue)	**(19,156)**	(2,728)	**(41,836)**	51,234
Unrealized foreign exchange loss (gain)	**(8,502)**	61,355	**33,733**	110,478
Government grants on long-term debt	**-**	(48,416)	**-**	(48,416)
Changes in non-cash operating working capital items (note 9)	**356,526**	(1,476,253)	**808,190**	(2,480,468)
	(146,147)	(3,062,082)	**(555,063)**	(6,445,746)
Investing activities				
Acquisition of property, plant and equipment	**(134,099)**	(121,084)	**(614,653)**	(333,304)
Income tax credits on property, plant and equipment	**-**	-	**161,138**	-
Additions to intangible assets	**(48,420)**	(24,416)	**(83,335)**	(121,000)
Proceeds from disposal of property, plant and equipment (note 3)	**2,600**	15,500	**2,600**	131,217
Interest received	**42,610**	44,728	**127,372**	76,112
	(137,309)	(85,272)	**(406,878)**	(246,975)
Financing activities				
Increase in long-term debt, net of transaction costs	**-**	189,863	**213,840**	189,863
Reimbursement of long-term debt	**(116,000)**	(110,331)	**(403,718)**	(435,712)
Proceeds from issuance of shares (note 7a)	**28,124**	667,136	**192,320**	16,032,890
Shares issues costs (note 7a)	**-**	-	**-**	(1,194,933)
Interest paid	**(10,874)**	(9,682)	**(29,263)**	(31,947)
	(98,750)	736,986	**(26,821)**	14,560,161
Effect of foreign exchange rate changes on cash and cash equivalents	**8,502**	6,158	**40,033**	5,309
Increase (decrease) in cash and cash equivalents	**(373,704)**	(2,404,210)	**(948,729)**	7,872,749
Cash and cash equivalents - Beginning of period	**11,995,274**	16,179,999	**12,570,299**	5,903,040
Cash and cash equivalents – End of period	**11,621,570**	13,775,789	**11,621,570**	13,775,789

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.

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 will complete its assessment and quantification of the impact of the standard during the fourth quarter.

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. To date, the company does not expect the new standard to result in material changes in the consolidated financial statements, aside from disclosure requirements.

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.

3. Property, Plant and Equipment

During the nine-month period ended May 31, 2018, the Company disposed of diagnostic equipment and leasehold improvements with a net carrying value of $26,306 (production equipment with a carrying value of $78,488 for the nine-month period ended May 31, 2017) for net proceeds of $2,600 ($131,217 for the nine-month period ended May 31, 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 May 31, 2018, the Company still has an amount of US$2,500,000 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 nine-month period ended May 31, 2018, an amount of $274,056 ($274,056 for the nine-month period ended May 31, 2017) related to the Abiomed agreement has been recognized as licensing revenues in the consolidated statements of loss and comprehensive loss.

During the nine-month period ended May 31, 2018, the Company achieved two technical milestones 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 $1,591,300 (US$1,250,000) ($1,007,750 (US$750,000) for the nine-month period ended May 31, 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.

5. Long-term Debt

	As of May 31, 2018	As of August 31, 2017
	$	$
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	**(17,382)**	(30,583)
	148,053	217,570
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	**135,000**	180,000
Imputed interest	**(19,378)**	(32,601)
	115,622	147,399
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	**(53,678)**	(65,601)
	146,322	134,399
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 2019. Amounts received are net of transaction costs of $2,500.	**238,916**	332,156
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.	**447,245**	613,644
Continued	**1,096,158**	1,445,168

	As of May 31, 2018	As of August 31, 2017
	$	$
Continued	**1,096,158**	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.	**200,643**	-
	1,296,801	1,445,168
Current portion	**525,455**	439,438
	771,346	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.

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 nine-month period ended May 31, 2018, following the exercise of stock options, the Company issued 645,750 common shares (898,250 common shares issued for the nine-month period ended May 31, 2017) for a cash consideration of $192,320 ($350,076 for the nine-month period ended May 31, 2017). As a result, an amount of $117,679 was reallocated from "Reserve – Stock option plan" to "Share capital" in shareholders' equity ($180,631 for the nine-month period ended May 31, 2017).

During the nine-month period ended May 31, 2018, there was no exercise of warrants (627,001 for the nine-month period ended May 31, 2017 for a cash consideration of $732,314). As a result, no amount was reallocated from "Reserve – Warrants" to "Share capital" in shareholders' equity ($115,392 for the nine-month period ended May 31, 2017).

b) Stock options

The changes in the number of stock options granted by the Company and their weighted-average exercise prices, for the nine-month periods ended May 31, 2018 and 2017, are as follows:

	Nine-month period ended May 31, 2018		Nine-month period ended May 31, 2017	
	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	**1,339,500**	**1.01**	2,207,750	1.56
Exercised	**(645,750)**	**0.30**	(898,250)	0.39
Cancelled	**(1,232,750)**	**1.26**	(874,250)	0.97
Expired	**(360,375)**	**1.13**	-	-
Balance – End of period	**5,066,875**	**1.13**	5,464,750	1.05

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

	Nine-month period ended May 31, 2018	Nine-month period ended May 31, 2017
Risk-free interest rate	**Between 1.44% and 2.11%**	Between 0.50% and 1.08%
Volatility	**Between 44.09% and 75.49%**	Between 50.69% and 102.25%
Dividend yield on shares	**Nil**	Nil
Expected life	**0 to 5 years**	0 to 5 years
Weighted share price	**$1.01**	$1.56
Weighted fair value per option at the grant date	**$0.40**	$0.73

c) Warrants

The changes in the number of warrants issued by the Company and their weighted-average exercise prices, for the nine-month periods ended May 31, 2018 and 2017, are as follows:

	Nine-month period ended May 31, 2018		Nine-month period ended May 31, 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	**-**	**-**	(627,001)	1.17
Expired	**(2,380,500)**	**1.55**	-	-
Balance – End of period	**-**	**-**	4,990,495	1.35

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 May 31,		Nine-month periods ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Net loss attributable to shareholders				
Basic and diluted	**(846,489)**	(1,841,858)	**(3,049,272)**	(5,384,108)
Number of shares				
Diluted weighted average number of shares outstanding	**89,843,437**	83,461,883	**88,390,168**	79,509,280
Amount per share				
Basic and diluted net loss per share	**(0.01)**	(0.02)	**(0.03)**	(0.07)

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 May 31,		Nine-month periods ended May 31,	
	2018	2017	**2018**	2017
Stock options	**2,978,875**	1,863,250	**2,630,000**	1,553,250
Warrants	**-**	2,380,500	**-**	2,380,500
Convertible debenture	**-**	$2,002,000	**-**	$2,002,000

For the three-month and nine-month periods ended May 31, 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.

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

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Changes in non-cash operating working capital items				
Trade and other receivables	**(439,746)**	(1,472,788)	**469,910**	(2,540,264)
Tax credits receivable	**272,592**	(81,817)	**479,801**	(235,584)
Inventories	**261,606**	(398,968)	**148,557**	(447,049)
Prepaid expenses	**(180,501)**	(248,752)	**(33,555)**	(136,467)
Accounts payable and accrued liabilities	**494,797**	859,348	**5,176**	1,231,112
Warranty provision	**12,008**	(21,341)	**10,070**	(19,991)
Deferred revenues	**(50,013)**	(92,356)	**(215,485)**	(274,056)
Deferred lease inducements	**(14,217)**	(19,579)	**(56,284)**	(58,169)
	356,526	(1,476,253)	**808,190**	(2,480,468)
Supplementary information				
Tax credits recorded against property, plant and equipment	**-**	68,447	**-**	68,447
Unpaid acquisition of property, plant and equipment	**83,509**	38,326	**83,509**	38,326
Unpaid additions to intangible assets	**-**	5,017	**-**	5,017

	As of May 31, 2018	As of August 31, 2017
	$	$
Cash and cash equivalents		
Cash	**1,229,405**	794,470
Short-term investments	**10,392,165**	11,775,829
	11,621,570	12,570,299

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:

	Nine-month periods ended	
	May 31, 2018	May 31, 2017
	$	$
Balance – Beginning of period	**128,910**	177,870
Provisions recognized	**56,000**	73,000
Amounts used during the period	**(45,930)**	(53,009)
Balance – End of period	**138,980**	197,861

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 May 31, 2018	As of August 31, 2017
	Input level*	**Fair Value and Carrying Value**	Fair Value and Carrying Value
		$	$
Financial assets (liabilities) measured at fair value:			
Convertible debenture – embedded derivative	**2**	**-**	(1,223,978)

* 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.

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 but also supplies a wide range of miniature optical pressure sensors used in a wide range of applications that can be integrated in others medical devices.

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 May 31, 2018			Three-month period ended May 31, 2017		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**6,060,259**	**337,447**	**6,397,706**	4,691,162	201,186	4,892,348
Internal sales	**-**	**36,101**	**36,101**	-	50,927	50,927
Gross margin	**3,433,641**	**155,116**	**3,588,757**	1,967,417	79,181	2,046,598
Depreciation of property, plant and equipment	**182,493**	**17,892**	**200,385**	164,531	21,093	185,624
Amortization of intangible assets	**21,717**	**3,894**	**25,611**	18,688	3,800	22,488
Financial expenses (revenues)	**(78,994)**	**76,113**	**(2,881)**	(55,746)	59,562	3,816
Change in fair value of embedded derivative	**-**	**-**	**-**	(151,897)	-	(151,897)
Net loss	**(564,885)**	**(281,604)**	**(846,489)**	(1,254,954)	(590,154)	(1,845,108)
Acquisition of property, plant and equipment	**130,324**	**43,603**	**173,927**	152,356	1,387	153,743
Additions to intangible assets	**29,690**	**18,041**	**47,731**	28,249	1,019	29,268
Segment assets	**23,829,740**	**1,516,210**	**25,345,950**	26,060,201	1,765,796	27,825,997
Segment liabilities	**4,971,992**	**333,069**	**5,305,061**	10,076,196	314,002	10,390,198

	Nine-month period ended May 31, 2018			Nine-month period ended May 31, 2017		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**16,816,238**	**1,387,097**	**18,203,335**	12,386,684	1,058,461	13,445,145
Internal sales	**-**	**102,551**	**102,551**	-	251,873	251,873
Gross margin	**8,904,579**	**813,339**	**9,717,918**	5,030,375	461,867	5,492,242
Depreciation of property, plant and equipment	**545,645**	**56,780**	**602,425**	466,279	68,333	534,612
Amortization of intangible assets	**63,340**	**11,287**	**74,627**	52,366	10,863	63,229
Financial expenses (revenues)	**(218,314)**	**200,247**	**(18,067)**	(71,130)	198,044	126,914
Change in fair value of embedded derivative	**501,250**	**-**	**501,250**	79,670	-	79,760
Net loss	**(2,733,210)**	**(316,062)**	**(3,049,272)**	(4,013,554)	(1,372,786)	(5,386,340)
Acquisition of property, plant and equipment	**495,834**	**46,431**	**542,265**	369,443	9,024	378,467
Additions to intangible assets	**59,050**	**18,340**	**77,390**	47,867	18,515	66,382
Segment assets	**23,829,740**	**1,516,210**	**25,345,950**	26,060,201	1,765,796	27,825,997
Segment liabilities	**4,971,992**	**333,069**	**5,305,061**	10,076,196	314,002	10,390,198

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

	Three-month periods ended May 31,		**Nine-month periods ended May 31,**	
	2018	2017	**2018**	2017
	$	$	**$**	$
Gross margin per reportable segments	**3,588,757**	2,046,598	**9,717,918**	5,492,242
Elimination of inter-segment profits	**-**	3,250	-	2,232
Gross margin	**3,588,757**	2,049,848	**9,717,918**	5,494,474
Net loss per reportable segments	**(846,489)**	(1,845,108)	**(3,049,272)**	(5,386,340)
Elimination of inter-segment profits	**-**	3,250	**-**	2,232
Net loss and comprehensive loss	**(846,489)**	(1,841,858)	**(3,049,272)**	(5,384,108)

Geographic sector's information

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Revenues per geographic sector				
United States	**3,294,574**	1,280,330	**8,363,650**	3,524,066
Japan	**1,527,536**	2,033,233	**4,180,769**	5,154,289
Canada	**496,910**	377,002	**1,468,938**	1,206,277
Others*	**1,078,686**	1,201,783	**4,189,978**	3,560,513
	6,397,706	4,892,348	**18,203,335**	13,445,145

* 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 May 31, 2018, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 33% (medical's reportable segment) and 24% (medical's reportable segment).

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 nine-month period ended May 31, 2018, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 29% (medical's reportable segment) and 23% (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).

13. 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,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Professional fees paid to a company controlled by a director	**-**	9,438	**-**	59,134

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 nine-month periods ended May 31, 2018 and 2017 was as follows:

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2018	2017	**2018**	2017
	$	$	**$**	$
Short-term salaries and other benefits	**247,616**	261,763	**980,470**	956,899
Option-based awards	**41,518**	21,736	**102,514**	156,455
	289,134	283,499	**1,082,984**	1,113,354

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

14. Approval of Condensed Interim Consolidated Financial Statements

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