Condensed Consolidated Interim Financial Statements

Opsens Inc.

Nine-month periods ended May 31, 2019 and 2018
(unaudited)

Opsens Inc.

Nine-month periods ended May 31, 2019 and 2018

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Opsens Inc.

Consolidated Interim Statements of Loss and Comprehensive Loss

(unaudited)

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Revenues				
Sales	**7,525,834**	5,650,950	**21,581,989**	16,337,979
Licensing (Note 3)	**336,925**	746,756	**3,302,394**	1,865,356
	7,862,759	6,397,706	**24,884,383**	18,203,335
Cost of sales	**3,339,178**	2,808,949	**10,162,076**	8,485,417
Gross margin	**4,523,581**	3,588,757	**14,722,307**	9,717,918
Expenses (revenues)				
Administrative	**1,194,752**	1,072,597	**3,433,063**	2,743,248
Sales and marketing	**3,058,916**	2,460,341	**7,941,660**	6,890,823
Research and development	**1,292,994**	905,189	**3,684,990**	2,649,936
Financial expenses (revenues)	**29,565**	(2,881)	**(3,241)**	(18,067)
Change in fair value of embedded derivative (Note 5)	**-**	-	**-**	501,250
	5,576,227	4,435,246	**15,056,472**	12,767,190
Net loss and comprehensive loss	**(1,052,646)**	(846,489)	**(334,165)**	(3,049,272)
Basic and diluted net loss per share (Note 7)	**(0.01)**	(0.01)	**(0.00)**	(0.03)

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

Opsens Inc.

Consolidated Interim Statements of Changes in Equity
Nine-month period ended May 31, 2019
(unaudited)

	Common shares	Share capital	Reserve – Stock option plan	Reserve – Warrants	Deficit	**Total**
	(number)	$	$	$	$	**$**
Balance as at August 31, 2018	89,868,817	54,341,014	3,058,196	2,899,294	(41,625,541)	**18,672,963**
Issued pursuant to the stock option plan (Note 6a))	211,500	203,655	(76,030)	-	-	**127,625**
Reserve – Warrants transfer to deficit (1)	-	-	-	(2,899,294)	2,899,294	**-**
Stock-based compensation costs	-	-	368,105	-	-	**368,105**
Net loss and comprehensive loss	-	-	-	-	(334,165)	**(334,165)**
Balance as at May 31, 2019	90,080,317	54,544,669	3,350,271	-	(39,060,412)	**18,834,528**

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

(1) The Company changes prospectively its accounting policy regarding its Reserve - Warrants. When warrants expire without being exercised or are being cancelled, the Company will now transfer to the Deficit the corresponding amount that was included in the Reserve - Warrants.

Opsens Inc.

Consolidated Interim 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 6a))	645,750	-	**645,750**	309,999	(117,679)	-	-	**192,320**
Warrants expired (Note 6c))	-	(2,380,500)	**(2,380,500)**	-	-	-	-	**-**
Conversion of the convertible debenture (Note 5)	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.

Consolidated Interim Statements of Financial Position

(unaudited)

	As at May 31, 2019	As at August 31, 2018
	$	$
Assets		
Current		
Cash and cash equivalents (Note 8)	**17,104,399**	10,886,788
Trade and other receivables	**4,292,683**	2,816,285
Tax credits receivable	**184,904**	354,788
Inventories	**5,140,641**	5,219,960
Prepaid expenses	**678,352**	507,336
	27,400,979	19,785,157
Property, plant and equipment	**3,063,168**	3,174,849
Intangible assets	**856,138**	625,890
	31,320,285	23,585,896
Liabilities		
Current		
Accounts payable and accrued liabilities	**3,953,579**	2,719,690
Warranty provision (Note 9)	**88,409**	137,420
Deferred revenues	**119,148**	41,669
Current portion of long-term debt (Note 4)	**411,312**	539,439
	4,572,448	3,438,218
Long-term debt (Note 4)	**7,163,790**	653,673
Deferred lease inducements	**749,519**	821,042
	12,485,757	4,912,933
Shareholders' equity		
Share capital (Note 6a))	**54,544,669**	54,341,014
Reserve – Stock option plan (Note 6b))	**3,350,271**	3,058,196
Reserve – Warrants (Note 6c))	**-**	2,899,294
Deficit	**(39,060,412)**	(41,625,541)
	18,834,528	18,672,963
	31,320,285	23,585,896

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.

Consolidated Interim Statements of Cash Flows

(unaudited)

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Operating activities				
Net loss for the period	**(1,052,646)**	(846,489)	**(334,165)**	(3,049,272)
Adjustments for:				
Depreciation of property, plant and equipment	**196,828**	200,385	**597,049**	602,425
Amortization of intangible assets	**22,363**	25,611	**66,063**	74,627
Loss (gain) on disposal of property, plant and equipment	**-**	(1,144)	**12,114**	26,306
Write-off of intangible assets	**-**	-	**7,988**	-
Stock-based compensation costs	**159,636**	146,622	**368,105**	489,514
Change in fair value of embedded derivative	**-**	-	**-**	501,250
Interest expense (revenue)	**66,312**	(19,156)	**31,815**	(41,836)
Unrealized foreign exchange loss (gain)	**(22,674)**	(8,502)	**(32,116)**	33,733
Changes in non-cash operating working capital items (Note 8)	**1,010,629**	356,526	**(129,000)**	808,190
	380,448	(146,147)	**587,853**	(555,063)
Investing activities				
Acquisition of property, plant and equipment	**(129,721)**	(134,099)	**(572,724)**	(614,653)
Income tax credits on property, plant and equipment	**-**	-	**-**	161,138
Additions to intangible assets	**(236,517)**	(48,420)	**(307,434)**	(83,335)
Proceeds from disposal of property, plant and equipment	**-**	2,600	**-**	2,600
Interest received	**58,639**	42,610	**132,521**	127,372
	(307,599)	(137,309)	**(747,637)**	(406,878)
Financing activities				
Increase in long-term debt, net of transaction costs	**6,932,532**	-	**6,912,532**	213,840
Reimbursement of long-term debt	**(240,581)**	(116,000)	**(568,632)**	(403,718)
Proceeds from issuance of shares (Note 6a))	**83,625**	28,124	**127,625**	192,320
Interest paid	**(110,177)**	(10,874)	**(126,246)**	(29,263)
	6,665,399	(98,750)	**6,345,279**	(26,821)
Effect of foreign exchange rate changes on cash and cash equivalents	**22,674**	8,502	**32,116**	40,033
Increase (decrease) in cash and cash equivalents	**6,760,922**	(373,704)	**6,217,611**	(948,729)
Cash and cash equivalents - Beginning of period	**10,343,477**	11,995,274	**10,886,788**	12,570,299
Cash and cash equivalents – End of period	**17,104,399**	11,621,570	**17,104,399**	11,621,570

Additional information on the consolidated interim statements of cash flows is presented in Note 8.

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

1. Incorporation and Description of Business

Opsens Inc. (Opsens or the Company) is incorporated under the Business Corporations Act (Quebec). Opsens focuses mainly on physiological measurement such as Fractional Flow Reserve (FFR) and dPR in interventional cardiology but also supplies a wide range of miniature optical sensors to measure pressure and temperature to be used in a wide range of applications that can be integrated in others medical devices. 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 and demanding industrial applications. The Company's head office is located at 750 Boulevard du Parc-Technologique, Quebec City, Quebec, Canada, G1P 4S3.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim 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 consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

Changes in Accounting Policies

The accounting policies and basis of measurement applied in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended August 31, 2018, except as disclosed below.

New standard adopted by the Company during the period

IFRS 9, Financial Instruments

IFRS 9 *Financial Instruments* (IFRS 9) replaces the provisions *of* IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39) that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 on September 1, 2018 resulted in changes in accounting policies, however there were no adjustments to the amounts recognized in these condensed consolidated interim financial statements.

The impairment of financial assets, including trade and other receivables, is now assessed using an expected credit loss model: previously, the incurred loss model was used. The impact of applying the expected credit loss model was not material.

The Company applied the modified retrospective method upon adoption of IFRS 9 on September 1, 2018. This method requires the recognition of the cumulative effect of initially applying IFRS 9 to deficit and not to restate prior years. The application of this new standard had no impact on deficit.

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

New standard adopted by the Company during the period (continued)

Here are the changes in accounting policies related to IFRS 9:

Financial instruments

Financial assets at fair value through profit and loss (FVTPL): Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

Financial liabilities at FVTPL: These financial liabilities are initially recognized at fair value, and transaction costs directly attributable to issuing the financial liabilities are expensed in the statement of loss and comprehensive loss. Financial liabilities that are required to be measured at FVTPL have all fair value movements, including those related to changes in the credit risk of the liability, recognized in the statement of loss and comprehensive loss.

Financial assets at fair value through other comprehensive income (FVTOCI): Investments in equity and debt instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive loss and comprehensive loss in the period in which they arise without subsequent reclassification to net income in the case of equity instruments.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. As at September 1, 2018, the loss allowance was nil.

The following table illustrates the classification and measurement of financial instrument under IFRS 9 and IAS 39 at the date of the initial application:

	IAS 39 – Original measurement category	IFRS 9 – New measurement category
Cash and cash equivalents	Loans and Receivables	Amortized Cost
Trade and other receivables	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Amortized Cost	Amortized Cost
Long-term debt	Amortized Cost	Amortized Cost

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

New standard adopted by the Company during the period (continued)

IFRS 15, Revenue from Contracts with Customers

Effective September 1, 2018, the Company has adopted IFRS 15 *Revenue from Contracts with Customers* (IFRS 15). This new standard was applied using a modified retrospective approach. The adoption of IFRS 15 resulted in changes in accounting policies. However, it did not have impact on the timing or measurement of the Company's revenue of applying IAS 18 or IFRS 15 and no adjustment to the opening balance of deficit as at September 1, 2018 has been recorded as result of adopting IFRS 15.

Here are the changes in accounting policies related to IFRS 15:

Revenue Recognition

The Corporation sales products through a direct sales force and to distributors. The Corporation recognizes sales revenues for both medical and industrial segments upon shipment of products to customers, when the control has been transferred to the buyer, there is no continuing management involvement with the products, the recovery of the consideration is probable and the amount of revenue can be measured reliably. Sales are measured at the fair value of the consideration to which the Corporation is entitled to receive in exchange for transferring the promised products, net of any trade and volume discounts.

Milestone

Milestone income is recognized over the agreement residual terms at the point in time when it is highly probable that the respective milestone event criteria is met, and the risk of reversal of revenue recognition is remoted.

New and amended standards issued but not yet effective

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. At the time of adoption of the standard on September 1st, 2019, the Company anticipates the recognition of a right-of-use asset and a lease liability for a value between $5,000,000 and $ 5,600,000, bases on current rates, and an adjustment of $136,000 will be recorded as a reduction of the deficit at the same time.

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

New and amended standards issued but not yet effective (continued)

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 completed the analysis of this interpretation and concluded that it will not have a significant impact on its financial statements.

3. Deferred Revenues

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, 2019, Opsens completed all its obligations regarding this agreement.

During the nine-month period ended May 31, 2019, the Company achieved the last 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 $3,260,725 (US$2,500,000) ($1,591,300 (US$1,250,000) for the nine-month period ended May 31, 2018).

4. Long-term Debt

	As of May 31, 2019	As of August 31, 2018
	$	$
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	**82,718**	165,436
Imputed interest	**(5,385)**	(13,999)
	77,333	151,437
Contributions repayable to Canada Economic Development, without interest (effective rate of 13.5%), repayable in 20 equal and consecutive quarterly instalments of $15,000, maturing in August 2020.		
Debt balance	**75,000**	120,000
Imputed interest	**(6,727)**	(15,660)
	68,273	104,340
Contributions repayable to Canada Economic Development, without interest (effective rate of 12%), repayable in 59 equal and consecutive monthly instalments of $3,333 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	**176,669**	200,000
Imputed interest	**(37,021)**	(49,473)
	139,648	150,527
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 48 monthly instalments of $18,750, maturing in May 2020. Amounts received are net of transaction costs of $9,000.	**224,279**	391,630
Amounts to be carried forward	**509,533**	797,934

4. Long-term Debt (continued)

	As of May 31, 2019	As of August 31, 2018
	$	$
Amounts to be carried forward	**509,533**	797,934
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 48 monthly instalments of $4,500, maturing in February 2022. Amounts received are net of transaction costs of $2,160.	**147,476**	187,376
Term loan, bearing interest at prime rate plus 2%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, maturing in February 2024 with no principal payment for a 24 months period following the signature of the agreement. The principal is payable in 36 monthly instalments of $194,444. Amounts received are net of transaction costs of $87,468.	**6,918,093**	-
Reimbursed during the year	-	207,802
	7,575,102	1,193,112
Current portion	**411,312**	539,439
	7,163,790	653,673

5. 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.

5. Convertible Debenture (continued)

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 including accrued interest of $267,545. 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. These two components were credited to share capital.

6. Shareholders' Equity

a) Share capital

During the nine-month period ended May 31, 2019, following the exercise of stock options, the Company issued 211,500 common shares (645,750 common shares issued for the nine-month period ended May 31, 2018) for a cash consideration of $127,625 ($192,320 for the nine-month period ended May 31, 2018). As a result, an amount of $76,030 was reallocated from "Reserve – Stock option plan" to "Share capital" in shareholders' equity ($117,679 for the nine-month period ended May 31, 2018).

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, 2019 and 2018, are as follows:

	Nine-month periods ended May 31, 2019		Nine-month periods ended May 31, 2018	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance – Beginning of period	**5,695,000**	**1.10**	5,966,250	1.10
Granted	**2,556,000**	**0.81**	1,339,500	1.01
Exercised	**(211,500)**	**0.60**	(645,750)	0.30
Cancelled	**(538,250)**	**1.08**	(1,232,750)	1.26
Expired	**(599,250)**	**0.79**	(360,375)	1.13
Balance – End of period	**6,902,000**	**1.04**	5,066,875	1.13

6. Shareholders' Equity (continued)

b) Stock options (continued)

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

	Nine-month periods ended May 31, 2019	Nine-month periods ended May 31, 2018
Risk-free interest rate	**Between 1.57% and 2.27%**	Between 1.44% and 2.11%
Volatility	**Between 46.15% and 56.05%**	Between 44.09% and 75.49%
Dividend yield on shares	**Nil**	Nil
Expected life	**0 to 5 years**	0 to 5 years
Weighted share price	**$0.81**	$1.01
Weighted fair value per option at the grant date	**$0.30**	$0.40

In addition, option valuation models require the input of highly-subjective assumptions, including the expected stock price volatility. Any changes in the subjective input assumptions can affect the fair value estimate.

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, 2019 and 2018, are as follows:

	Nine-month periods ended May 31, 2019		Nine-month periods ended May 31, 2018	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Balance – Beginning of period	**-**	**-**	2,380,500	1.55
Expired	**-**	**-**	(2,380,500)	1.55
Balance – End of period	**-**	**-**	-	-

7. 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,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Net loss attributable to shareholders				
Basic and diluted	**(1,052,646)**	(846,489)	**(334,165)**	(3,049,272)
Number of shares				
Basic and diluted weighted average number of shares outstanding	**90,017,143**	89,843,437	**89,970,084**	88,390,168
Amount per share				
Basic and diluted net loss per share	**(0.01)**	(0.01)	**(0.00)**	(0.03)

Stock options 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 excluded from the calculation is presented below:

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2019	2018	**2019**	2018
Stock options	**4,036,500**	2,978,875	**4,496,500**	2,630,000

For the three-month and nine-month periods ended May 31, 2019 and 2018, the diluted amount per share was the same amount as the basic amount per share, since the dilutive effect of stock options 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.

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

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Changes in non-cash operating working capital items				
Trade and other receivables	**331,323**	(439,746)	**(1,476,398)**	469,910
Tax credits receivable	**281,833**	272,592	**169,884**	479,801
Inventories	**(675,177)**	261,606	**79,319**	148,557
Prepaid expenses	**91,710**	(180,501)	**(171,016)**	(33,555)
Accounts payable and accrued liabilities	**929,955**	494,797	**1,312,266**	5,176
Warranty provision	**(44,123)**	12,008	**(49,011)**	10,070
Deferred revenues	**119,148**	(50,013)	**77,479**	(215,485)
Deferred lease inducements	**(24,040)**	(14,217)	**(71,523)**	(56,284)
	1,010,629	356,526	**(129,000)**	808,190
Supplementary information				
Unpaid acquisition of property, plant and equipment	**15,257**	83,509	**15,257**	83,509

	As of May 31, 2019	**As of August 31, 2018**
	$	$
Cash and cash equivalents		
Cash	**3,048,333**	1,031,017
Short-term investments	**14,056,066**	9,855,771
	17,104,399	10,886,788

9. 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, 2019	May 31, 2018
	$	$
Balance – Beginning of period	**137,420**	128,910
Provisions recognized	**62,000**	56,000
Unused amounts reversed during the year	**(16,000)**	-
Amounts used during the period	**(95,011)**	(45,930)
Balance – End of period	**88,409**	138,980

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.

10. Segmented Information

Segmented Information

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

Medical segment: In this segment, Opsens focuses mainly on physiological measurement such as FFR and dPR in interventional cardiology but also supplies a wide range of miniature optical sensors to measure pressure and temperature to be used in a wide range of applications that can be integrated in others medical devices. This also includes licensing revenue related to its optical sensor technology.

Industrial segment: In this segment, Opsens' develops, manufactures and installs innovative fibre optic sensing solutions for critical and 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 business and are measured at the exchange amount, which approximates prevailing prices in the markets.

	Three-month periods ended May 31, 2019			Three-month periods ended May 31, 2018		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**7,491,390**	**371,369**	**7,862,759**	6,060,259	337,447	6,397,706
Internal sales	**-**	**5,483**	**5,483**	-	36,101	36,101
Gross margin	**4,362,401**	**161,180**	**4,523,581**	3,433,641	155,116	3,588,757
Depreciation of property, plant and equipment	**186,078**	**10,750**	**196,828**	182,493	17,892	200,385
Amortization of intangible assets	**18,571**	**3,792**	**22,363**	21,717	3,894	25,611
Financial expenses (revenues)	**(44,381)**	**73,946**	**29,565**	(78,994)	76,113	(2,881)
Net loss	**(780,276)**	**(272,370)**	**(1,052,646)**	(564,885)	(281,604)	(846,489)
Acquisition of property, plant and equipment	**120,575**	**4,822**	**125,397**	130,324	43,603	173,927
Additions to intangible assets	**230,004**	**-**	**230,004**	29,690	18,041	47,731
Segment assets	**29,579,590**	**1,740,695**	**31,320,285**	23,829,740	1,516,210	25,345,950
Segment liabilities	**11,991,711**	**494,046**	**12,485,757**	4,971,992	333,069	5,305,061

10. Segmented Information (continued)

	Nine-month periods ended May 31, 2019			Nine-month periods ended May 31, 2018		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**23,212,411**	**1,671,972**	**24,884,383**	16,816,238	1,387,097	18,203,335
Internal sales	**-**	**56,834**	**56,834**	-	102,551	102,551
Gross margin	**13,709,755**	**1,012,552**	**14,722,307**	8,904,579	813,339	9,717,918
Depreciation of property, plant and equipment	**560,459**	**36,590**	**597,049**	545,645	56,780	602,425
Amortization of intangible assets	**54,783**	**11,280**	**66,063**	63,340	11,287	74,627
Financial expenses (revenues)	**(208,929)**	**205,688**	**(3,241)**	(218,314)	200,247	(18,067)
Change in fair value of embedded derivative	**-**	**-**	**-**	501,250	-	501,250
Net loss	**(50,078)**	**(284,087)**	**(334,165)**	(2,733,210)	(316,062)	(3,049,272)
Acquisition of property, plant and equipment	**454,332**	**43,150**	**497,482**	495,834	46,431	542,265
Additions to intangible assets	**298,924**	**5,375**	**304,299**	59,050	18,340	77,390
Segment assets	**29,579,590**	**1,740,695**	**31,320,285**	23,829,740	1,516,210	25,345,950
Segment liabilities	**11,991,711**	**494,046**	**12,485,757**	4,971,992	333,069	5,305,061

10. Segmented Information (continued)

Geographic sector's information

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Revenues per geographic sector				
United States	**3,202,265**	3,294,574	**11,129,375**	8,363,650
Japan	**2,320,851**	1,527,536	**7,839,858**	4,180,769
Canada	**689,397**	496,910	**1,708,588**	1,468,938
Others*	**1,650,246**	1,078,686	**4,206,562**	4,189,978
	7,862,759	6,397,706	**24,884,383**	18,203,335

* 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, 2019, 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 23% (medical's reportable segment).

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 nine-month period ended May 31, 2019, 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 19% (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).

11. Related-party Transactions

Key management personnel, having authority and responsibility for planning, directing and controlling the activities of the Company, comprise the Chief Executive Officer, the Executive Chairman, the Chief Financial Officer, the President 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, 2019 and 2018 was as follows:

	Three-month periods ended May 31,		**Nine-month periods ended May 31,**	
	2019	2018	**2019**	2018
	$	$	**$**	$
Short-term salaries and other benefits	**244,976**	247,616	**673,564**	980,470
Option-based awards	**74,203**	41,518	**95,905**	102,514
	319,179	289,134	**769,469**	1,082,984

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

12. Approval of Condensed Interim Consolidated Financial Statements

The condensed consolidated Interim financial statements were approved by the Board of Directors and authorized for issue on July 10, 2019.