

Condensed Consolidated Interim Financial Statements

**Opsens Inc.**

Three-month periods ended November 30, 2019 and 2018  
(unaudited)

# Opsens Inc.

Three-month periods ended November 30, 2019 and 2018

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# Opsens Inc.

## Condensed Consolidated Interim Statements of (Loss) Earnings and Comprehensive (Loss) Earnings

(unaudited)

	Three-month periods ended	
	November 30,	
	2019	2018
	\$	\$
<b>Revenues</b>		
Sales	6,988,901	6,800,769
Licensing	-	2,301,969
	<b>6,988,901</b>	9,102,738
<b>Cost of sales</b>	<b>3,078,939</b>	3,461,548
<b>Gross margin</b>	<b>3,909,962</b>	5,641,190
<b>Expenses (revenues)</b>		
Administrative	1,474,520	1,112,362
Sales and marketing	2,849,981	2,422,657
Research and development	1,296,135	1,073,350
Financial expenses (revenues)	160,235	(59,493)
	<b>5,780,871</b>	4,548,876
<b>Net (loss) earnings and comprehensive (loss) earnings</b>	<b>(1,870,909)</b>	1,092,314
<b>Basic and diluted net (loss) earnings per share (Note 6)</b>	<b>(0.02)</b>	0.01

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

# Opsens Inc.

## Condensed Consolidated Interim Statements of Changes in Equity

Three-month period ended November 30, 2019

(unaudited)

	Common shares		Total	Share capital	Reserve – Stock option plan	Deficit	Total
	Issued	Subscribed					
	(number)	(number)	(number)	\$	\$	\$	\$
Balance as at August 31, 2019	90,180,317	51,149	<b>90,231,466</b>	54,709,401	3,409,390	(40,678,055)	<b>17,440,736</b>
Impact of adopting IFRS 16 (Note 2)	-	-	-	-	-	76,838	<b>76,838</b>
Issued pursuant to the stock option plan (Note 5a)	100,000	(51,149)	<b>48,851</b>	58,968	(24,171)	-	<b>34,797</b>
Stock-based compensation costs	-	-	-	-	119,818	-	<b>119,818</b>
Net loss and comprehensive loss	-	-	-	-	-	(1,870,909)	<b>(1,870,909)</b>
Balance as at November 30, 2019	90,280,317	-	<b>90,280,317</b>	54,768,369	3,505,037	(42,472,126)	<b>15,801,280</b>

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

# Opsens Inc.

## Condensed Consolidated Interim Statements of Changes in Equity

Three-month period ended November 30, 2018

(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)	<b>18,672,963</b>
Issued pursuant to the stock option plan (Note 5a)	100,000	73,896	(29,896)	-	-	<b>44,000</b>
Reserve – Warrants transfer to deficit <sup>(1)</sup>	-	-	-	(2,899,294)	2,899,294	-
Stock-based compensation costs	-	-	109,373	-	-	<b>109,373</b>
Net earnings and comprehensive earnings	-	-	-	-	1,092,314	<b>1,092,314</b>
Balance as at November 30, 2018	89,968,817	54,414,910	3,137,673	-	(37,633,933)	<b>19,918,650</b>

<sup>(1)</sup> The Company prospectively changed its accounting policy regarding its Reserve – Warrants. When warrants expire without being exercised or are cancelled, the Company now transfers to the Deficit the corresponding amount that was previously included in the Reserve – Warrants.

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

# Opsens Inc.

## Condensed Consolidated Interim Statements of Financial Position

(unaudited)

	As at November 30, 2019	As at August 31, 2019
	\$	\$
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 7)	13,762,899	14,855,982
Trade and other receivables	3,940,372	5,115,249
Tax credits receivables	322,257	297,391
Inventories	5,400,139	5,133,051
Prepaid expenses	508,779	697,345
	<b>23,934,446</b>	26,099,018
Property, plant and equipment	3,059,963	2,962,270
Intangible assets	1,148,993	1,027,195
Right-of-use assets (Notes 2 and 4)	5,108,981	-
	<b>33,252,383</b>	30,088,483
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	3,851,052	4,293,483
Warranty provision (Note 8)	138,063	134,460
Deferred revenues	9,435	-
Current portion of long-term debt (Note 3)	392,020	359,305
Current portion of lease liabilities (Notes 2 and 4)	478,233	-
	<b>4,868,803</b>	4,787,248
Long-term debt (Note 3)	7,892,170	7,135,020
Lease liabilities (Notes 2 and 4)	4,690,130	-
Deferred lease inducements (Note 2)	-	725,479
	<b>17,451,103</b>	12,647,747
<b>Shareholders' equity</b>		
Share capital (Note 5a)	54,768,369	54,709,401
Reserve – Stock option plan (Note 5b)	3,505,037	3,409,390
Deficit	(42,472,126)	(40,678,055)
	<b>15,801,280</b>	17,440,736
	<b>33,252,383</b>	30,088,483

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

Approved by the Board

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*Signed [Jean Lavigueur]*, director

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*Signed [Louis Laflamme]*, director

# Opsens Inc.

## Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

	Three-month periods ended	
	November 30,	
	2019	2018
	\$	\$
<b>Operating activities</b>		
Net (loss) earnings for the period	(1,870,909)	1,092,314
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	380,132	201,014
Amortisation of intangible assets	22,153	23,412
Loss on disposal of property, plant and equipment	2,321	6,347
Write-off of intangible assets	-	7,988
Stock-based compensation costs	119,818	109,373
Interest expense (revenue)	140,999	(17,687)
Unrealized foreign exchange gain	(2,255)	(12,055)
Changes in non-cash operating working capital items (Note 7)	596,544	(238,055)
	<b>(611,197)</b>	<b>1,172,651</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(314,977)	(291,334)
Additions to intangible assets	(99,826)	(32,820)
Interest received	65,714	38,132
	<b>(349,089)</b>	<b>(286,022)</b>
<b>Financing activities</b>		
Increase in long-term debt, net of transaction costs	244,206	-
Reimbursement of long-term debt	(118,960)	(119,333)
Payment of lease liabilities	(104,360)	-
Proceeds from issuance of shares (Note 5a)	34,797	44,000
Interest paid	(190,735)	(8,493)
	<b>(135,052)</b>	<b>(83,826)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	2,255	12,055
(Decrease) increase in cash and cash equivalents	(1,093,083)	814,858
Cash and cash equivalents – Beginning of year	14,855,982	10,886,788
Cash and cash equivalents – End of period	<b>13,762,899</b>	<b>11,701,646</b>

Additional information on the condensed consolidated interim statements of cash flows is presented in Note 7.

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

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

Three-month periods ended November 30, 2019 and 2018

(unaudited)

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### 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 and 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 other 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, du Parc-Technologique Blvd., 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, 2019, 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, 2019, except as disclosed below.

#### ***New standard adopted by the Company during the period***

##### *IFRS 16, Leases*

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 twelve months or less or the underlying asset has a small value. Accounting for the lessor remains 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 chosen the retrospective application of IFRS 16 with the cumulative effect of initially applying the standard recognized at the date of initial application. Consequently, the Company did not restate the comparative information. The approach allows for two transition options to measure the right-of-use asset at transition. The Company has chosen that the right-of-use asset will be equal to the lease liability at the date of initial application.



# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

Three-month periods ended November 30, 2019 and 2018

(unaudited)

### 2. Basis of Preparation (continued)

#### Changes in Accounting Policies (continued)

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

Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities on the statements of financial position for its leases that were considered operating leases under IAS 17. A depreciation expense on the right-of-use assets and an interest expense on the lease liabilities replace the straight line operating lease expense under IAS 17. As at August 31, 2019, under IAS 17, the Company's leases were classified as operating leases as they did not transfer substantially all the risks and rewards of ownership to the Company. Consequently, lease payments related to the Company's operating leases were recognized as rent expense on a straight-line basis over the period of the lease. The lease inducements were classified as *Deferred lease inducements* in the consolidated statements of financial position.

At transition on September 1, 2019, the Company recognized right-of-use assets for leases. Right-of-use assets were measured for an amount equal to the lease liabilities. Lease liabilities were measured at the present value of the remaining lease payments on a discounted basis, using the incremental borrowing rate. As a practical expedient, the deferred lease inducements related to free rents have been derecognized as an adjustment to the deficit and the deferred lease inducement related to financing activity, which does not represent a locative component, have been reclassified as a long-term debt for the Company as at September 1, 2019. The following table summarizes the impacts of adopting IFRS 16:

	<b>September 1, 2019</b>
	\$
Right-of-use assets	<b>5,272,723</b>
Lease liabilities	<b>5,272,723</b>
Adjustment recognized in deficit	<b>76,838</b>

To measure the lease liabilities, the Company used the present value of the remaining lease payments on a discounted basis, using the incremental borrowing rate applied as at September 1, 2019, which was 5.95%. The lease liabilities recognized can be reconciled to the lease commitments as at August 31, 2019 as follows:

	<b>September 1, 2019</b>
	\$
Lease commitments as at August 31, 2019	<b>4,147,840</b>
Effect of discounting	<b>(1,827,981)</b>
Lease commitments relating to low-value assets	<b>(24,573)</b>
Renewal options reasonably certain to be exercised	<b>2,977,437</b>
Lease liabilities recognized as at September 1, 2019	<b>5,272,723</b>

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

Three-month periods ended November 30, 2019 and 2018

(unaudited)

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### 2. Basis of Preparation (continued)

#### Changes in Accounting Policies (continued)

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

The Company recognizes right-of-use assets and lease liabilities at the start date of the contract. Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any initial direct costs, any lease payments made at or before the commencement date, less any lease incentives received and the costs to be incurred to dismantle and remove the underlying asset. Right-of-use assets are depreciated using the straight-line method over the period from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the leases term. The leases term includes the non-cancellable period and the renewal options reasonably certain to be exercised. Depreciation methods and useful lives are reviewed annually.

At the commencement date of the lease, the lease liabilities are measured at the present value of the lease payments to be made over the period of the lease. The present value is determined using the incremental borrowing rate of the Company at the start date of the contract if the implicit interest rate cannot be readily determined. The lease payments include fixed payments and variable lease payments that depend on an index or a rate. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities but instead are recognized as expenses when the payment occurs. After the commencement date, the carrying amount of lease liabilities is then increased to reflect interest on the lease liabilities and reduced to reflect the lease payments made. The carrying amount of lease liabilities is remeasured when there is a change in future lease payments, in renewal options or in the periods of the lease. The remeasurement amount of the lease liabilities is recognized as an adjustment to the right-of-use assets, or in the consolidated statements of loss and comprehensive loss when the carrying amount of the right-of-use assets is reduced to zero.

Depreciation charge for right-of-use assets, expenses related to variable lease payments not included in the measurement of lease liabilities and loss (gain) related to lease modifications are, if applicable, allocated between the functions presented in the consolidated statements of loss and comprehensive loss. Interests related to the lease liabilities are rather classified as financial expenses. Lease payments related to the principal portion of the lease liabilities are classified as *Payment of lease liabilities* within cash flows from financing activities. Lease payments related to the interest portion of the lease liabilities are classified as *Interest paid* within cash flows from financing activities.

##### *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.

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;
- measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The adoption of the interpretation did not have an impact on the Company’s condensed consolidated interim financial statements.

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three-month periods ended November 30, 2019 and 2018

(unaudited)

#### 3. Long-term Debt

	As at November 30, 2019	As at August 31, 2019
	\$	\$
<hr/>		
Contributions repayable to ministère des Finances et de l'Économie (MFE), without interest (effective rate of 9.00%), repayable in 5 equal and consecutive annual instalments of \$82,718, maturing in February 2020.		
Debt balance	82,718	82,718
Imputed interest	(1,830)	(3,618)
	<b>80,888</b>	79,100
<hr/>		
Contributions repayable to Canada Economic Development, without interest (effective rate of 13.50%), repayable in 20 equal and consecutive quarterly instalments of \$15,000, maturing in August 2020.		
Debt balance	45,000	60,000
Imputed interest	(2,747)	(4,531)
	<b>42,253</b>	55,469
<hr/>		
Contributions repayable to Canada Economic Development, without interest (effective rate of 12.00%), 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	156,671	166,670
Imputed interest	(29,555)	(33,199)
	<b>127,116</b>	133,471
<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 48 monthly instalments of \$18,750, maturing in May 2020. Amounts received are net of transaction costs of \$9,000.		
	<b>112,307</b>	168,336
<hr/>		
Amounts to be carried forward	<b>362,564</b>	436,376
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# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three-month periods ended November 30, 2019 and 2018

(unaudited)

#### 3. Long-term Debt (continued)

	As at November 30, 2019 \$	As at August 31, 2019 \$
Amounts carried over	<b>362,564</b>	436,376
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.	<b>120,801</b>	134,147
Term loan, bearing interest at prime rate plus 2.00%, 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-month period following the signature of the agreement on March 2019. The principal is payable in 36 monthly instalments of \$194,444. Amounts received are net of transaction costs of \$87,468.	<b>6,929,537</b>	6,923,802
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, maturing in September 2024 with no principal payment for a 12-month period following the receipt of the loan on October 2019. The principal is payable in 48 monthly instalments of \$5,197. Amounts received are net of transaction costs of \$5,250.	<b>244,462</b>	-
Term loan bearing interest at 6.66% payable in 111 monthly instalments of \$8,070, maturing in September 2025.	<b>626,826</b>	-
	<b>8,284,190</b>	7,494,325
Current portion	<b>392,020</b>	359,305
	<b>7,892,170</b>	7,135,020

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three-month periods ended November 30, 2019 and 2018

(unaudited)

#### 4. Leases

The Company has leases for buildings and hosting servers.

##### *Right-of-use assets*

The following table presents the right-of-use assets for the Company as at November 30, 2019:

	Three-month period ended November 30, 2019		
	Buildings	Hosting servers	Total
	\$	\$	\$
Opening balance as at September 1, 2019	5,190,001	82,722	5,272,723
Depreciation of right-of-use assets	(155,470)	(8,272)	(163,742)
<b>Net book value as at November 30, 2019</b>	<b>5,034,531</b>	<b>74,450</b>	<b>5,108,981</b>

##### *Lease liabilities*

The following table presents the lease liabilities for the Company as at November 30, 2019:

	Three-month period ended November 30, 2019		
	Buildings	Hosting servers	Total
	\$	\$	\$
Opening balance as at September 1, 2019	5,190,001	82,722	5,272,723
Payment of lease liabilities	(180,381)	(5,224)	(185,605)
Sublease income from right-of-use assets	6,254	-	6,254
Interest expense on lease liabilities	73,846	1,145	74,991
Lease liabilities as at November 30, 2019	5,089,720	78,643	5,168,363
Current portion	445,000	33,233	478,233
<b>Long-term lease liabilities as at November 30, 2019</b>	<b>4,644,720</b>	<b>45,410</b>	<b>4,690,130</b>

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three-month periods ended November 30, 2019 and 2018

(unaudited)

#### 5. Shareholders' equity

##### a) Share capital

During the three-month period ended November 30, 2019, following the exercise of stock options, the Company issued 48,851 common shares (100,000 common shares for the three-month period ended November 30, 2018) for a cash consideration of \$34,797 (\$44,000 for the three-month period ended November 30, 2018). As a result, an amount of \$24,171 was reallocated from "Reserve – Stock option plan" to "Share capital" in shareholders' equity (\$29,896 for the three-month period ended November 30, 2018). Also, 51,149 subscribed common shares have been issued (nil for the three-month period ended November 30, 2018).

##### b) Stock options

The changes in the number of stock options granted by the Company and their weighted-average exercise prices, for the three-month periods ended November 30, 2019 and 2018, are as follows:

	Three-month period ended November 30, 2019		Three-month period ended November 30, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – beginning of period	7,004,000	1.04	5,695,000	1.10
Granted	345,000	0.89	300,000	0.80
Exercised	(100,000)	0.72	(100,000)	0.44
Cancelled	(101,250)	0.97	(153,750)	1.28
Expired	-	-	(120,000)	0.85
Balance – end of period	7,147,750	1.04	5,621,250	1.10

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

	Three-month period ended November 30, 2019	Three-month period ended November 30, 2018
Risk-free interest rate	Between 1.55% and 1.59%	Between 2.20% and 2.27%
Volatility	Between 46.43% and 50.02%	Between 47.44% and 56.05%
Dividend yield on shares	Nil	Nil
Expected life	0 to 5 years	0 to 5 years
Weighted share price	\$0.89	\$0.80
Weighted fair value per option at the grant date	\$0.32	\$0.31

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.

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three-month periods ended November 30, 2019 and 2018

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#### 6. Net (Loss) Earnings per Share

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

	Three-month periods ended November 30,	
	2019	2018
	\$	\$
<b>Net (loss) earnings attributable to shareholders</b>		
Basic and diluted	<b>(1,870,909)</b>	1,092,314
<b>Number of shares</b>		
Basic and diluted weighted average number of shares outstanding	<b>90,266,031</b>	89,923,762
<b>Amount per share</b>		
Basic and diluted net (loss) earnings per share	<b>(0.02)</b>	0.01

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 November 30,	
	2019	2018
Stock options	<b>4,530,464</b>	4,451,750

For the three-month periods ended November 30, 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.

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

Three-month periods ended November 30, 2019 and 2018

(unaudited)

### 7. Additional Information on the Condensed Consolidated Interim Statements of Cash Flows

	Three-month periods ended November 30,	
	2019	2018
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Trade and other receivables	1,164,947	(1,718,711)
Tax credits receivable	(24,866)	(55,428)
Inventories	(267,088)	491,583
Prepaid expenses	188,566	178,951
Accounts payable and accrued liabilities	(478,053)	928,753
Warranty provision	3,603	1,909
Deferred revenues	9,435	(41,669)
Deferred lease inducements	-	(23,443)
	<b>596,544</b>	<b>(238,055)</b>

#### *Supplementary information*

Grant recorded against intangible assets	19,070	-
Unpaid acquisition of property, plant and equipment	52,313	46,282
Unpaid additions to intangible assets	67,663	2,567

	As at November 30, 2019	As at August 31, 2019
	\$	\$
<i>Cash and cash equivalents</i>		
Cash	1,259,282	1,275,252
Short-term investments	12,503,617	13,580,730
	<b>13,762,899</b>	<b>14,855,982</b>



# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three-month periods ended November 30, 2019 and 2018

(unaudited)

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#### 8. Warranty provision

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

	Three-month periods ended November 30,	
	2019	2018
	\$	\$
Balance – beginning of period	134,460	137,420
Provisions recognized	25,500	8,000
Amounts used during the period	(21,897)	(6,091)
Balance – end of period	138,063	139,329

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.

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three-month periods ended November 30, 2019 and 2018

(unaudited)

#### 9. 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 other 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 period ended November 30, 2019			Three-month period ended November 30, 2018		
	Medical	Industrial	Total	Medical	Industrial	Total
	\$	\$	\$	\$	\$	\$
External sales	6,461,168	527,733	6,988,901	8,508,716	594,022	9,102,738
Internal sales	-	22,089	22,089	-	26,941	26,941
Gross margin	3,640,628	269,334	3,909,962	5,263,099	378,091	5,641,190
Depreciation of property, plant and equipment and right-of-use assets	315,564	64,568	380,132	187,558	13,456	201,014
Amortisation of intangible assets	18,176	3,977	22,153	19,597	3,815	23,412
Financial expenses (revenues)	76,148	84,087	160,235	(124,630)	65,137	(59,493)
Net (loss) earnings	(1,671,314)	(199,595)	(1,870,909)	1,115,556	(23,242)	1,092,314
Acquisition of property, plant and equipment	292,313	24,091	316,404	237,912	9,205	247,117
Additions to intangible assets	143,951	-	143,951	32,032	220	32,252
Segment assets	31,324,639	1,927,744	33,252,383	23,942,927	1,602,039	25,544,966
Segment liabilities	16,804,391	646,712	17,451,103	5,330,128	296,188	5,626,316

# Opsens Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Three-month periods ended November 30, 2019 and 2018

(unaudited)

#### 9. Segmented Information (continued)

##### *Information by geographic segment*

	Three-month periods ended November 30,	
	2019	2018
	\$	\$
Revenue by geographic segment		
United States	2,999,291	4,671,210
Japan	1,293,734	2,940,193
Canada	649,950	515,824
Other*	2,045,926	975,511
	<b>6,988,901</b>	<b>9,102,738</b>

\* Comprised of revenues generated in countries for which amounts are individually not significant.

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

During the three-month period ended November 30, 2019, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. 26% (Medical's reportable segment) and 18% (Medical's reportable segment).

During the three-month period ended November 30, 2018, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. 35% (Medical's reportable segment) and 32% (Medical's reportable segment).

#### 10. 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 and the President of Opsens Solutions Inc. Compensation of key management personnel and directors during the three-month periods ended November 30, 2019 and 2018 were as follows:

	Three-month periods ended November, 30	
	2019	2018
	\$	\$
Short-term salaries and other benefits	267,485	214,144
Option-based awards	35,668	10,851
	<b>303,153</b>	<b>224,995</b>

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

#### 11. Approval of Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on January 10, 2020.