MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED AUGUST 31, 2020

The following comments are intended to provide a review and analysis of the results of operations, financial conditions, and cash flows of OpSens Inc. for the year ended August 31, 2020, in comparison with the corresponding period ended August 31, 2019. In this Management's Discussion and Analysis ("MD&A"), "OpSens," "the Company," "we," "us" and "our" mean OpSens Inc. and its subsidiary. This MD&A should be read and interpreted in conjunction with the information contained in our annual consolidated financial statements for the years ended August 31, 2020 and 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This document was prepared on November 18, 2020. All amounts are in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking statements with respect to the Company. These forward-looking statements, by their nature, require the Company to make certain assumptions and necessarily involve known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Forward-looking statements are not guarantees of performance. These forward-looking statements, including financial outlooks, may involve, but are not limited to, comments with respect to the Company's business or financial objectives, its strategies or future actions, its targets, expectations for financial condition or outlook for operations and future contingent payments. Words such as "may," "will," "would," "could," "expect," "believe," "plan," "anticipate," "intend," "estimate," "continue," or the negative or comparable terminology, as well as terms usually used in the future and conditional, are intended to identify forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances. The Company considers these assumptions to be reasonable based on all currently available information, but cautions the reader that these assumptions regarding future events, many of which are beyond its control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect the Company and its business. The forward-looking information set forth therein reflects the Company's expectations as of November 18, 2020, and is subject to change after this date. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

COVID-19

The global economy has significantly changed during the past few months. The spread of COVID-19 virus, declared on March 11, 2020, as a pandemic by the World Health Organization (WHO), has led many governments to adopt exceptional measures to slow the advancement of COVID-19. These events cause significant uncertainties that could damage the Company's activities. At the current time, it is not possible to reliably estimate the duration and impact that these events may have on the Company's future financial results because of the uncertainties about future developments. Thus far, the Company has had minimal manufacturing, supply chain, or distribution disruptions and has continued to fulfill orders to customers. However, the Company has had limited access to the cath labs and has adjusted its sales force consequently.

OVERVIEW

The Company's primary focus is physiological measurement such as Fractional Flow Reserve ("FFR") and the diastolic pressure algorithm ("dPR") in the coronary artery stenosis market. Physiological measurement could be used in other areas of cardiology. OpSens offers an optical guidewire (OptoWire) to measure pressure to diagnose and treat to improve clinical outcomes in patients with coronary heart disease. OpSens also operates in the Industrial segment through its wholly-owned subsidiary OpSens Solutions Inc. ("Solutions"). Solutions develops, manufactures and installs innovative measurement solutions using fibre optic sensors for critical and demanding industrial applications.

OpSens owns ten patents and has nine pending patents to protect its technologies in the Medical and Industrial sectors.

SECTORS OF ACTIVITY

In the Medical sector, OpSens markets OptoWire and OptoMonitor to diagnose and treat coronary artery disease. OptoWire provides cardiologists with an optimized pressure guidewire to navigate coronary arteries and cross blockages with ease while measuring intracoronary blood pressure. This procedure is called FFR measurement, also referred to as physiological measurement.

OpSens has obtained the required commercial approvals for the OptoWire and OptoMonitor in the world's largest markets, namely the United States, Europe (including the Middle East), Japan and Canada. Furthermore, the need to diagnose coronary disease without hyperemia induced by the injection of heart-stimulating drugs has emerged. OpSens has developed its proprietary diastolic pressure ratio to meet this need. Non-Hyperemic Pressure Resting indices ("NHPR"), such as OpSens' dPR, are beneficial for some patients as they reduce procedure time, costs and discomfort. This product is available through the OptoMonitor and works in combination with the OptoWire. OpSens' dPR is already being marketed in Japan, the United States, Canada and Europe.

OpSens has established a direct sales force in the United States and Canada and utilizes distributors in Europe (including the Middle East) and Japan.

OpSens also provides a broad selection of miniature optical sensors to measure pressure and temperature that can be used in a wide range of applications and can be integrated into other medical devices.

In the Industrial sector, OpSens' expertise, technology and products meet the needs of multiple markets, including aeronautic, semiconductor, geotechnical, structural, oil and gas, mining, laboratories and others. OpSens' portfolio of products and technologies can be adapted to measure various parameters under the most difficult conditions and bring significant benefits in terms of optimizing production and reducing risks to the environment and health.

As an example, fibre optic sensors perform well in the presence of electromagnetic fields, radio frequencies, micro-waves, high-intensity magnetic waves (MR) or high temperatures, elements that typically disrupt results with conventional sensors. Customers' needs are wide-ranging and require measuring various parameters like pressure, temperature, strain, and others.

The Company focuses on business opportunities with the highest returns and has developed new products to fulfill their specific needs. Amongst others, the new OPP-GD fibre optic differential pressure sensor and the new OEC fibre optic extensometer sensors have grabbed the attention of many industries such as aeronautic and energy.

MARKET OVERVIEW

In the Medical sector, particularly in the coronary artery stenosis, coronary physiology measurement represents a significant and growing opportunity for the Company. In recent years, the prevalence of coronary heart disease has increased rapidly. In the AHA report, “Heart Disease and Stroke Statistics – 2017”, which is based on health data compiled in more than 190 countries, coronary heart disease is the leading cause of death worldwide with 17.3 million deaths per year. This number is expected to exceed 23.6 million deaths in 2030. Coronary heart disease is one of the leading causes of death in the developed world, and the cost of managing and treating these diseases is a significant burden to society. The benefits of FFR were demonstrated in various clinical studies such as FAME I and FAME II published in 2009 and 2012, respectively in the New England Journal of Medicine. The FAME I study showed that the FFR-guided treatment rather than the standard angiography alone led to a reduction in mortality, myocardial infarction, readmission for percutaneous coronary intervention and coronary bypass by about 30% after a year. Several reports have also shown inaccurate diagnoses that can lead to misuse or inappropriate use of “stents.”

The measurement of FFR has been shown to be more accurate and now holds the highest recommendation from the European Society of Cardiology (Class IA).

In the United States, support for the increase in the use of coronary artery stenosis measurement continues to grow. In March 2017, the appropriate use criteria (“AUC”) for stable ischemic heart disease were updated to emphasize the use of FFR given its importance. The goal of the AUC is to provide a framework for assessing general clinical practices and improving the quality of care. The new AUCs reflect a recognition of the role and value of FFR, which should be beneficial for an expansion in the use of FFR technologies. Payers, including Medicare, use the AUC to help formulate their repayment criteria.

In April 2018, the Ministry of Health, Labour and Welfare (“MHLW”) in Japan introduced a new regulation requiring the physiology evaluation of all coronary artery stenosis prior to its treatment, specifically mentioning FFR as an evaluation method. The MHLW revised medical fees and established a requirement to assess functional ischemia (blockage of arteries) prior to treatment.

These recent developments contribute to the steady growth of the coronary artery stenosis measurement (FFR and dPR) market. According to management and industry source estimates[(1)], this market exceeds US$500 million worldwide in 2020 and is expected to exceed US$1 billion annually in the medium term (2025).

In the Industrial sector, under this reportable segment, the Corporation’s technology, expertise, and products can serve several markets including aeronautic, geotechnical, infrastructures, nuclear, mining, military, and others. The Company focuses mainly on the following markets:

- <u>Nuclear market</u>: the opportunities in this market are related principally to new nuclear technologies to produce energy. The new and recently patented fibre optic differential pressure sensor is the main solution for that market;
- <u>Aeronautic market</u>: the opportunities in this market are principally related to fuel monitoring systems for aircraft. New industrial version of the absolute pressure sensor and the recent addition of a differential pressure sensor are the main products for these applications; and
- <u>Traditional Niche Applications Market</u>: they include niche applications in which the Company is currently engaged, such as electro-pyrotechnic devices.

COMPETITION

In the Medical sector, the market for coronary artery stenosis measurement has five competitors and is currently dominated by two major players who commercialize standard electrical technology. Competition is based on technological advantages, brand recognition, customer service, marketing support and price.

In the Industrial sector, there is a significant number of competitors. Competition is based primarily on technological advantages. Our direct competition is made up of both opened and closed-ended companies with a global presence.

(1) OpSens FFR Market Calculations based on GRAND VIEW RESEARCH (Feb. 2019).

CORPORATE GROWTH STRATEGY

OpSens' growth strategy is to become a key player in the Medical sector, particularly in the field of coronary artery stenosis, focusing on the diagnosis and treatment through physiological measurement, where its products and technologies offer major advantages over the competition. The Company also aims to capitalize on its technologies and products in the industrial markets. To this end, the Company implements its corporate strategy based on its various segments of operations.

In the Medical sector, the Company's growth strategy in the field of interventional cardiology is carried out by an:

- Increase of its market shares in the fast-growing coronary artery stenosis measurement market.

To achieve this, management has set up the following sales forces:

- Direct Sales Force: OpSens has established a sales team, hiring a seasoned staff with solid expertise in coronary artery stenosis. This sales force has been implemented to increase OpSens' market and commercialization penetration in the United States and Canada. In the context of COVID-19, the Company has adjusted its methods and the number of representatives using remote approaches rather than in-person visits to catheterization laboratories. In the short term, this approach better aligns to customers wishing to limit the number of in-person visitors to hospitals. OpSens also targets agreements with group purchasing organizations to accelerate penetration, particularly in the United States. Two agreements have been signed already and additional agreements will possibly be added; and
- Distributor Sales Force: OpSens has signed distribution agreements in Europe, Asia, and the Middle East. These agreements allow OpSens to focus on market penetration with leading business partners in their respective markets.

Interventional cardiologists have started focusing on new measurements performed with the heart at rest. These measurements require greater accuracy and constant and repeated guidewire performance over time. With its second-generation optical sensor, the Company is convinced that there will be a growing interest in the OptoWire's recognized features which include:

- A low-drift measurement technology for improved reliability, essential to cardiologists' decision-making in the diagnosis and treatment of coronary artery stenosis; and
- Better connectivity as OptoWire is insensitive to blood contamination. It can be easily reconnected without compromising measurement accuracy.

- Clinical data

Major clinical studies had been suspended due to the COVID-19 pandemic, however, they have recently resumed.

- Innovation

In this ever-evolving and state-of-the-art market, OpSens plans to leverage its expertise in fibre-optic sensing medical devices to create new coronary artery stenosis measurement products and develop new fibre optic sensing technologies for cardiology assessment that address other invasive unmet medical needs. Commitment to innovation has always been a driving force behind the Company's success and desire to improve its intellectual property portfolio and value proposition for customers.

As an example of innovation, the Company is developing a pressure guidewire designed to assist cardiologists during transaortic valve replacement procedures (TAVR). This innovation is a structural heart pressure guidewire that measures and displays critical hemodynamics information in real time during valve replacement procedures.

Also, OpSens received approval for the commercialization of the newest version of its coronary pressure guidewire, OptoWire III, for the United States, Japan, and Canada thus far.

In other medical products, OpSens offers a broad selection of miniature optical sensors to measure pressure and temperature that can be used in a wide range of applications and that can be integrated into other medical devices. The Company aims to partner with key players in the industry. The partnership with Abiomed Inc. ("Abiomed"), for the use of its miniature sensors and technology, is an example of the type of partnership the Company targets.

In the Industrial sector, the Company's business strategy is achieved by:

- Target Market: Solutions' target markets are aeronautic, geotechnical, infrastructures, nuclear, mining, military and others. These are markets where OpSens' products offer unique advantages over its competitors; and

- Innovation: Solutions continually invest in innovations for its products, so they can offer unique advantages over competitors. For example, the Company's optical strain and pressure sensors have received the attention of major players in the aeronautic industry because they require no shielding or grounding and because of their ease of deployment.

NON-IFRS FINANCIAL MEASURES – EBITDACO

The Company quarterly reviews net loss and Earnings Before Interest, Taxes, Depreciation, Amortization, Change in fair value of embedded derivative and Stock-based compensation costs ("EBITDACO"). EBITDACO has no normalized sense prescribed by IFRS. It is not very probable that this measure is comparable with measures of the same type presented by other issuers. EBITDACO is defined by the Company as the addition of net loss, financial expenses (income), depreciation and amortization, change in fair value of embedded derivative and stock-based compensation costs. The Company uses EBITDACO for the purposes of evaluating its historical and prospective financial performance. This measure also helps the Company to plan and forecast for future periods as well as to make operational and strategic decisions. The Company believes that providing this information to investors, in addition to IFRS measures, allows it to see the Company's results through the eyes of management, and to better understand its historical and future financial performance.

RECONCILIATION OF EBITDACO TO NET EARNINGS (LOSS)

(In thousands of Canadian dollars)	**Year ended August 31, 2020**	**Year ended August 31, 2019(2)**	**Year ended August 31, 2018(2)**
	$	**$**	**$**
Net loss	(2,644)	(1,952)	(4,550)
Financial expenses (income)	684	157	(50)
Depreciation of property, plant and equipment and right-of-use assets	1,548	802	801
Amortization of intangible assets	120	91	98
Change in fair value of embedded derivative	-	-	501
EBITDAC	(292)	(902)	(3,200)
Stock-based compensation costs	438	489	618
EBITDACO	146	(413)	(2,582)

The positive variance of EBITDACO for the year ended August 31, 2020, is mainly explained by the fact that we reduced significantly our sales and marketing expenses following the adjustment of the size of our direct sales force in the United States and by a grant related to the Canada Emergency Wage Subsidy ("CEWS") of $1,683,000. This was partially offset by the licensing revenue that we received last year. Also, the adoption on September 1, 2019, of IFRS 16, *Leases*, contributed to increase by $715,000 the EBITDACO for the year ended August 31, 2020.

(2) Comparative figures have not been adjusted to reflect the adoption of IFRS 16, *Leases*, as set out in the accounting policy.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Year ended August 31, 2020	Year ended August 31, 2019(2)	Year ended August 31, 2018(2)
	$	$	$
Revenues			
Sales			
Medical	26,996	27,032	19,991
Industrial	2,457	2,418	2,121
	29,453	29,450	22,112
Licensing agreement	-	3,302	1,958
	29,453	32,752	24,070
Cost of sales	13,834	14,037	11,330
Gross margin	15,619	18,715	12,740
Gross margin percentage	53%	57%	53%
Operating expenses			
Administrative	5,041	4,593	3,869
Sales and marketing	8,780	11,116	9,273
Research and development	5,441	4,801	3,697
	19,262	20,510	16,839
Other income	(1,683)	-	-
Financial expenses (income)	684	157	(50)
Change in fair value of embedded derivative	-	-	501
Net loss and comprehensive loss	(2,644)	(1,952)	(4,550)
Basic and diluted net loss per share	(0.03)	(0.02)	(0.05)

Revenues

The Company reported revenues of $29,453,000 for the year ended August 31, 2020, compared to revenues of $32,752,000 for the corresponding period in 2019, a decrease of $3,299,000 or 10%.

Sales in the Medical segment totalled $26,996,000 for the year ended August 31, 2020, compared to sales of $27,032,000 for the same period in 2019. The slight decrease in Medical segment revenues is explained by lower sales in the coronary artery stenosis measurement line of business (FFR and dPR) due to the COVID-19 pandemic. Coronary artery stenosis measurement sales decreased by 7% or $1,365,000 compared with the same period in 2019. This decrease is partly offset by higher original equipment manufacturer ("OEM") medical sales of $1,330,000 compared to the same period last year.

Sales in the Industrial segment totalled $2,457,000 for the year ended August 31, 2020, compared to sales of $2,417,000 for the same period in 2019. The slight increase is mostly explained by a higher volume of orders compared to the same period last year despite COVID-19.

The decrease in revenues is also explained by the recognition last year of a nonrecurring revenue of $3,302,000 for the achievement of the last technical milestones of the licensing agreement.

For the years ended August 31, 2020 and 2019, pricing fluctuations did not have a significant impact on revenues.

(2) Comparative figures have not been adjusted to reflect the adoption of IFRS 16, *Leases*, as set out in the accounting policy.

The Company's revenues are generated in U.S. dollars, Canadian dollars, euros, and British pounds; fluctuations in the exchange rate affect revenues and net loss. For the year ended August 31, 2020, revenues were positively affected by $348,000 compared to the same period last year (sales were positively impacted by $771,000 for the year ended August 31, 2019).

As at August 31, 2020, OpSens' total backlog of orders amounted to $11,129,000 ($5,642,000 as at August 31, 2019).

Gross Margin

Information and analysis in this section do not take into consideration licensing revenues (nil for the year ended August 31, 2020, and $3,302,000 for the year ended August 31, 2019, respectively).

Gross margin was $15,619,000 for the year ended August 31, 2020, compared to $15,413,000 for the same period last year. The gross margin percentage slightly increase from 52% for the year ended August 31, 2019, to 53% for the year ended August 31, 2020. The adoption of IFRS 16, *Leases*, resulted in an increase of the gross margin of $58,000 for the year ended August 31, 2020.

Administrative Expenses

Administrative expenses were $5,041,000 and $4,593,000, respectively, for the years ended August 31, 2020 and 2019. The increase is mainly explained by higher headcount, professional fees and insurance. This is partly offset by lower communication, travelling expenses and by the fact that we received a final settlement payment from an industrial client that was written off last year. The adoption of IFRS 16, *Leases*, resulted in a non-significant impact for the year ended August 31, 2020.

Sales and Marketing Expenses

Sales and marketing expenses totalled $8,780,000 for the year ended August 31, 2020, a decrease of $2,336,000 over the $11,116,000 reported during the same period in 2019. The decrease is largely explained by lower headcount, commissions, trade shows, travelling expenses and subcontractors' fees when compared to last year related to the adjustment of the size of our direct sales force in the United States due to COVID-19. The adoption of IFRS 16, *Leases*, resulted in a non-significant impact for the year ended August 31, 2020.

Research and Development Expenses

Research and development expenses totalled $5,441,000 for the year ended August 31, 2020, an increase of $640,000 over the $4,801,000 reported during the same period in 2019. The increase is mainly explained by higher headcount, supplies and subcontractors' fees for our development activities related to OW3, OM3 and the new structural heart project and by lower R&D tax credits. This is partially offset by higher grants related to the IRAP program for the new structural heart project. The adoption of IFRS 16, *Leases*, resulted in a non-significant impact for the year ended August 31, 2020.

Other Income

Other income was $1,683,000 and nil, respectively, for the years ended August 31, 2020 and 2019. The increase is explained by the recognition of a non-refundable contribution under the CEWS program for an amount of $1,683,000.

Financial Expenses

Financial expenses totalled $684,000 for the year ended August 31, 2020, compared to $157,000 for the same period in 2019. The increase in financial expenses is mainly explained by higher interest expenses of $194,000 related to the long-term debt, by $290,000 related to the implementation of IFRS 16, *Leases*, and by lower interest income of $52,000.

Net Loss

As a result of the foregoing, net loss for the year ended August 31, 2020, was $2,644,000 compared to $1,952,000 for the same period in 2019.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA

(In thousands of Canadian dollars)	**As at August 31, 2020**	**As at August 31, 2019**	**As at August 31, 2018**
	$	**$**	**$**
Current assets	22,543	26,099	19,785
Total assets	31,908	30,089	23,586
Current liabilities	5,655	4,787	3,438
Long-term liabilities	10,906	7,861	1,475
Shareholders' equity	15,347	17,441	18,673

Total assets as at August 31, 2020, were $31,908,000 compared to $30,089,000 as at August 31, 2019. The increase is mainly related to the accounting of a right-of-use asset of $4,513,000 related to the implementation of IFRS 16, by a higher inventory of $1,372,000 and by a higher intangible asset of $595,000 for our medical activities. This is partly offset by lower cash and cash equivalents of $3,972,000.

Current liabilities totalled $5,655,000 as at August 31, 2020, compared to $4,787,000 as at August 31, 2019. The increase is mainly explained by a higher current portion of long-term debt of $1,101,000 and by a higher current portion of lease liabilities of $447,000 related to the implementation of IFRS 16. This is partly offset by lower account payable and accrued liabilities of $748,000.

Long-term liabilities totalled $10,906,000 as at August 31, 2020, compared to $7,861,000 as at August 31, 2019, an increase of $3,045,000. The increase is mainly explained by a long-term lease liability of $4,298,000 following the implementation of IFRS 16. This is offset by lower deferred lease inducement of $725,000 and by lower long-term debt of $527,000.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The summary below presents the periods in which OpSens published unaudited consolidated interim financial statements.

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended August 31, 2020	Three-month period ended May 31, 2020	Three-month period ended February 29, 2020	Three-month period ended November 30, 2019
	$	$	$	$
Revenues	7,576	6,630	8,258	6,989
Net earnings (loss) for the period	557	52	(1,382)	(1,871)
Basic and diluted net earnings (loss) per share	0.01	0.00	(0.02)	(0.02)

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended August 31, 2019	Three-month period ended May 31, 2019	Three-month period ended February 28, 2019	Three-month period ended November 30, 2018
	$	$	$	$
Revenues	7,867	7,863	7,919	9,103
Net earnings (loss) for the period	(1,617)	(1,053)	(374)	1,092
Basic and diluted net earnings (loss) per share	(0.02)	(0.01)	(0.00)	0.01

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

For the year ended August 31, 2019, OpSens' coronary artery stenosis measurement (FFR and dPR) business showed growth despite the usual seasonal impact.

During the second semester of the year ended August 31, 2020, activities were slower due to the COVID-19 situation.

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2020, the Company had cash and cash equivalents of $10,884,000 compared to $14,856,000 as at August 31, 2019. Of this amount as at August 31, 2020, $7,633,000 were invested in highly-liquid, safe investments.

As at August 31, 2020, OpSens had a working capital of $16,888,000, compared to $21,312,000 as at August 31, 2019. The decrease in working capital is mainly related to lower cash and cash equivalents and by a higher current portion of long-term debt.

Under a loan agreement with Investissement Québec (IQ), the Company may receive a maximum amount of $519,750, net of transaction costs of $5,250. The loan bears interest at the prime rate plus 0.25% and is repayable in monthly instalments of $10,938 and will mature in September 2024. The loan has a moratorium period without capital payment for a period of 12 months following the date of the first disbursement of the loan. It is secured by a movable hypothec on the universality of the property, tangible and intangible, present, and future of the Company. On October 4, 2019, the Company received $249,000 of this loan. Under this loan agreement, the Company is required to maintain certain financial ratios. As of the date of this MD&A, the financial ratios were all met.

On February 27, 2019, OpSens announced that it has entered into a $8,000,000 credit agreement (the "Agreement") with a Canadian financial institution. The Agreement consists of a $7,000,000 term loan, set to mature in 60 months with no principal payment for a 24-month period following the signature of the Agreement, bearing interest at prime rate plus 2.00% per annum and of a $1,000,000 revolving operating credit margin bearing interest at prime rate plus

1.00%, set to mature in one year and that may be renewed on an annual basis. The disbursement of the $7,000,000 term loan occurred on March 1, 2019, and the revolving operating credit was also available at that time. Deferred financing fees related to the Agreement include professional fees and miscellaneous fees of $87,468. Under this Agreement, the Company is subject to certain covenants, which were met as of the date of this MD&A.

Based on its cash and cash equivalents position, OpSens has the financial resources necessary to maintain short-term operations, honour its commitments and support its anticipated growth and development activities. From a medium-term perspective, OpSens may need to raise additional financing by issuing equity securities or debt. From a long-term perspective, there is uncertainty about obtaining additional financing, given the risks and uncertainties identified in the "Risks and Uncertainties" section of the Annual Information Form. Changes in cash and cash equivalents will largely depend on the rate of revenue growth in upcoming quarters.

SUMMARY OF CASH FLOWS

(In thousands of Canadian dollars)	**Year ended August 31, 2020**	**Year ended August 31, 2019**
	$	**$**
Operating activities	(985)	(1,247)
Investing activities	(1,765)	(1,005)
Financing activities	(1,211)	6,245
Effect of foreign exchange rate changes on cash and cash equivalents	(11)	(24)
Net change in cash and cash equivalents	(3,972)	3,969

Operating Activities

For the year ended August 31, 2020, cash flows used by our operating activities were $985,000 compared to $1,247,000 for the same period last year. The decrease in cash flows used by our operating activities is mainly explained by a positive variance of EBITDACO, as explained previously, partially offset by a negative variance in changes in non-cash operating working capital items of $282,000 mainly related to our medical activities.

Investing Activities

For the year ended August 31, 2020, cash flows used by our investing activities reached $1,765,000 compared to $1,005,000 for the same period in 2019. The increase in cash flows used is mainly explained by a higher acquisition of intangible assets and property, plant, and equipment for the Medical sector.

Financing Activities

For the year ended August 31, 2020, cash flows used by financing activities reached $1,211,000 compared to cash flows generated of $6,245,000 for the same period in 2019. The variation is mainly explained by the fact that we signed a credit agreement last year and the disbursement occurred on March 1, 2019. The adoption of IFRS 16, *Leases*, resulted in an increase of cash flows used for our financing activities of $410,000 for the year ended August 31, 2020.

INFORMATION BY REPORTABLE SEGMENTS

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 the coronary artery stenosis market 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 revenues 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.

	Years ended August 31,					
			2020			2019
	Medical	Industrial	Total	Medical	Industrial	Total
	$	$	$	$	$	$
External sales	26,996,184	2,457,166	29,453,350	30,334,061	2,417,457	32,751,518
Internal sales	-	96,090	96,090	-	66,040	66,040
Gross margin	14,179,616	1,439,876	15,619,492	17,350,499	1,364,634	18,715,133
Depreciation of property, plant and equipment and right-of-use assets	1,298,636	249,077	1,547,713	748,728	53,421	802,149
Amortization of intangible assets	108,845	10,935	119,780	75,660	15,624	91,284
Other income	1,383,939	298,669	1,682,608	-	-	-
Financial expenses (income)	340,946	343,121	684,067	(138,855)	295,398	156,543
Net (loss) earnings	(2,647,823)	4,019	(2,643,804)	(1,630,315)	(321,493)	(1,951,808)
Acquisition of property, plant and equipment	1,224,453	28,748	1,253,201	619,766	45,389	665,155
Additions to intangible assets	676,967	37,928	714,895	487,301	13,276	500,577
Segment assets	29,777,672	2,130,767	31,908,439	28,506,354	1,582,129	30,088,483
Segment liabilities	16,070,310	491,267	16,561,577	12,357,132	290,615	12,647,747

Information by geographic segment

	Years ended August 31, 2020	2019
	$	$
Revenue by geographic segment		
United States	11,408,452	14,016,549
Japan	6,313,784	10,068,564
Canada	2,644,881	2,744,248
Others*	9,086,233	5,922,157
	29,453,350	32,751,518

* 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. Non-current assets, which include property, plant and equipment, intangible assets and right-of-use assets, are mainly located in Canada, but also in other countries for which amounts are individually not significant.

For the year ended August 31, 2020, revenues from two clients from the Medical's reportable segment represented individually more than 10% of the total revenues of the Company (i.e. 24% and 21%).

For the year ended August 31, 2019, revenues from two clients from the Medical's reportable segment represented individually more than 10% of the total revenues of the Company (i.e. 31% and 27%).

Medical Segment

Information and analysis in this section for revenue and gross margin do not take into consideration licensing revenues (nil for the year ended August 31, 2020, and $3,302,000 for the year ended August 31, 2019).

For the year ended August 31, 2020, sales from the Medical segment were $26,996,000 compared to $27,032,000 for the year ended August 31, 2019, a decrease of $36,000. The decrease is explained by lower coronary artery stenosis measurement (FFR and dPR) sales of $1,365,000 following the COVID-19 pandemic situation. This is partly offset by higher OEM medical sales of $1,330,000.

Gross margin was $14,180,000 for the year ended August 31, 2020, compared to $14,048,000 for the year ended August 31, 2019, an increase of $132,000. The gross margin percentage slightly increased at 53% for the year ended August 31, 2020, compared to 52% for the year ended August 31, 2019. The adoption of IFRS 16, *Leases*, resulted in an increase in the gross margin of $48,000 for the year ended August 31, 2020.

Net loss for the Medical segment was $2,648,000 for the year ended August 31, 2020, compared to $1,629,000 for the same period last year. The increase in net loss is mainly explained by a licensing revenue of $3,302,000 accounted last year, partially offset by a reduction in sales and marketing expenses and by the CEWS grant.

Working capital for the Medical segment as at August 31, 2020, was $15,495,000 compared to $20,192,000 as at August 31, 2019. The decrease of $4,697,000 is mainly explained by lower cash and cash equivalents of $4,480,000, by a higher current portion of long-term debt of $1,101,000 and by a higher current portion of lease liabilities of $322,000. This is partly offset by a higher inventory of $1,374,000 and by lower accounts payable and accrued liabilities of $760,000.

Industrial Segment

For the year ended August 31, 2020, external sales from the Industrial segment were $2,457,000 compared to $2,417,000 for the year ended August 31, 2019, an increase of $40,000 mostly explained by a higher volume of orders compared to the same period last year.

Gross margin was $1,440,000 for the year ended August 31, 2020, compared to $1,365,000 for the same period in 2019, an increase of $75,000. The gross margin percentage slightly increased from 55% for the year ended August 31, 2019, to 56% for the year ended August 31, 2020. The adoption of IFRS 16, *Leases*, resulted in an increase of the gross margin of $10,000 for the year ended August 31, 2020.

Net earnings for the Industrial segment was $4,000 for the year ended August 31, 2020, compared to a net loss of $321,000 for the year ended August 31, 2019. The increase in net earnings is mainly explained by the recognition of a government assistance related to the CEWS program of $299,000.

Working capital for the Industrial segment as at August 31, 2020, was $1,393,000 compared to $1,119,000 as at August 31, 2019. The increase is mainly explained by higher cash and cash equivalents of $508,000. This is partly offset by lower tax credits receivable of $86,000 and by a higher current portion of lease liabilities of $125,000 related to the implementation of IFRS 16.

FOURTH QUARTER 2020

Revenues

Revenues totalled $7,576,000 for the quarter ended August 31, 2020, compared to revenues of $7,867,000 for the corresponding period in 2019, a decrease of $291,000 or 4%. The decrease is explained by lower sales in coronary artery stenosis measurement segment (FFR, dPR) of $511,000 and by lower industrial sales of $230,000. This is partly offset by higher OEM sales of $450,000.

Gross Margin

Gross margin was $3,816,000 for the quarter ended August 31, 2020, compared to $3,993,000 for the same period last year. The gross margin percentage was stable at 51% for the quarters ended August 31, 2020 and 2019. The adoption of IFRS 16, *Leases*, resulted in a non-significant impact for the quarter ended August 31, 2020.

Administrative Expenses

Administrative expenses were $1,015,000 and $1,160,000, respectively, for the quarters ended August 31, 2020 and 2019. The decrease is mainly explained by the fact that we received a final settlement payment from an industrial client that was written off last year. The adoption of IFRS 16, *Leases*, resulted in a non-significant impact for the quarter ended August 31, 2020.

Sales and Marketing Expenses

Sales and marketing expenses totalled $1,458,000 for the quarter ended August 31, 2020, a decrease of $1,656,000 over the $3,175,000 reported during the same period in 2019. The decrease is largely explained by lower headcounts, commissions, trade shows, travelling and subcontractors' expenses when compared to last year related to the adjustment of the size of our direct sales force in the United States due to COVID-19. The adoption of IFRS 16, *Leases*, resulted in a non-significant impact for the quarter ended August 31, 2020.

Research and Development Expenses

Research and development expenses totalled $1,312,000 for the quarter ended August 31, 2020, an increase of $192,000 over the $1,116,000 reported during the same period in 2019. The increase is mainly explained by higher supplies and subcontractors' fees for our development activities related to the new structural heart project and by lower

R&D tax credit. The adoption of IFRS 16, *Leases*, resulted in a non-significant impact for the quarter ended August 31, 2020.

Other Income

Other income was $882,000 and nil, respectively, for the quarters ended August 31, 2020 and 2019. The increase is explained by the recognition a non-refundable contribution under the CEWS program for an amount of $882,000.

Financial Expenses

Financial expenses totalled $356,000 for the quarter ended August 31, 2020, compared to $160,000 for the same period in 2019. The increase in financial expenses is mainly explained by higher interest expenses of $69,000 related to the implementation of IFRS 16, *Leases*, by lower interest revenues of $57,000 and by a higher foreign exchange loss of $77,000.

Net Earnings (Loss)

As a result of the foregoing, net earnings for the quarter ended August 31, 2020, was $557,000 compared to a net loss of 1,617,000 for the same period in 2019.

INFORMATION ON SHARE CAPITAL

For the year ended August 31, 2020, the Company granted to some employees and directors a total of 1,400,000 stock options with an average exercise price of $0.75, cancelled 1,239,750 stock options with an exercise price of $0.94, whereas 100,000 stock options with an average exercise price of $0.72 were exercised, and 467,875 stock options with an exercise price of $0.95 expired.

For the year ended August 31, 2019, the Company granted to some employees and directors a total of 2,818,500 stock options with an average exercise price of $0.82, cancelled 588,250 stock options with an exercise price of $1.06, whereas 311,500 stock options with an average exercise price of $0.62 were exercised, and 609,750 stock options with an exercise price of $0.79 expired.

As at November 18, 2020, the following components of shareholders' equity are outstanding:

Common shares	90,280,317
Stock options	7,018,625
Securities on a fully diluted basis	97,298,942

No dividend was declared per share for each share class.

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 for the years ended August 31, 2020 and 2019, were as follows:

	Years ended August 31,	
	2020	2019
	$	$
Short-term salaries and other benefits	1,109,901	923,554
Option-based awards	153,867	131,177
	1,263,768	1,054,731

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

FINANCIAL INSTRUMENTS

Fair Value

The fair value of cash and cash equivalents, trade and other receivables and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturities.

The fair value of long-term debt is based on the discounted value of future cash flows under the current financial arrangements at the interest rate the Company expects to currently negotiate for loans with similar terms and conditions and maturity dates. The fair value of long-term debt approximates its carrying value due to the current market rates.

Valuation Techniques and Assumptions Applied for the Purposes of Measuring Fair Value

The Company must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company primarily applies the market approach for recurring fair value measurements. The three input levels used by the Company to measure fair value are the following:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

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.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Risk Management

The main risks arising from the Company’s financial instruments are credit risk, liquidity risk, interest rate risk, concentration risk and foreign exchange risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated basis.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses. The Company’s exposure to credit risk currently relates to cash and cash equivalents and to trade and other receivables. The Company’s credit risk management policies include the authorization to carry out investment transactions with recognized financial institutions with credit ratings of at least

A and higher, in either bonds, money market funds or guaranteed investment certificates. Consequently, the Company manages credit risk by complying with established investment policies.

The credit risk associated with trade and other receivables is generally considered normal as trade receivables consist of a large number of customers spread across diverse geographical areas. In general, the Company does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs ongoing credit checks of all its customers and establishes an allowance for doubtful accounts when accounts are determined to be uncollectible. Two major customers represented 31.72% of the Company's total accounts receivable as at August 31, 2020 (50.03% as at August 31, 2019).

As at August 31, 2020, 0.38% (2.59% as at August 31, 2019) of the accounts receivable were of more than 90 days whereas 34.51% (59.31% as at August 31, 2019) of those were less than 30 days. The maximum exposure to the risk of credit for accounts receivable corresponded to their book value. As at August 31, 2020 and 2019, the allowance for doubtful accounts was nil.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset. The Company's approach is to ensure it will have sufficient liquidity to meet operational, capital, and regulatory requirements and obligations, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed quarterly by the Board of Directors to ensure a sufficient continuity of funding. The funding strategies used to manage this risk include the Company's access to capital markets and debt securities issues.

The following are the contractual maturities of the financial liabilities (principal and interest, assuming current interest rates) as at August 31, 2020 and 2019:

As at August 31, 2020	Carrying amount	Cash flows	0 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$
Accounts payable and accrued liabilities	3,545,323	3,545,323	3,545,323	-	-
Long-term debt	8,068,565	8,079,330	1,497,590	2,586,536	3,995,204
Total	11,613,888	11,624,653	5,042,913	2,586,536	3,995,204

As at August 31, 2019	Carrying amount	Cash flows	0 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$
Accounts payable and accrued liabilities	4,293,483	4,293,483	4,293,483	-	-
Long-term debt	7,494,325	7,613,137	405,463	1 260,663	5,947,011
Total	11,787,808	11,906,620	4,698,946	1 260,663	5,947,011

Interest Rate Risk

The Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Fixed and variable interest rates
Trade and other receivables	Non-interest-bearing
Accounts payable and accrued liabilities	Non-interest-bearing
Long-term debt	Non-interest-bearing and fixed and variable interest rates

Interest Rate Sensitivity Analysis

Interest rate risk exists when interest rate fluctuations modify the cash flows or the fair value of the Company's investments. The Company owns investments with fixed and variable interest rates. As at August 31, 2020, the Company was holding more than 70% (91% as at August 31, 2019) of its cash and cash equivalents in all-time redeemable term deposits.

All else being equal, a hypothetical 1% interest rate increase or decrease would have an impact of $74,220 on net loss and comprehensive loss for the year ended August 31, 2020 ($40,176 for the year ended August 31, 2019).

Financial Expenses (Revenues)

	Years ended August 31,	
	2020	2019
	$	$
Interest and bank charges	71,262	79,522
Interest on long-term debt	472,298	267,096
Interest on lease liabilities	289,510	-
Loss on foreign currency translation	90	10,578
Interest income	(149,093)	(200,653)
	684,067	156,543

Concentration Risk

Concentration risk exists when investments are made with multiple entities that share similar characteristics or when a large investment is made with a single entity. As at August 31, 2020 and 2019, the Company was holding 100% of its cash equivalents portfolio in all-time redeemable term deposits with financial institutions with high creditworthiness.

Foreign Exchange Risk

The Company realizes certain sales and purchases mainly of raw materials, supplies and professional services in U.S. dollars, euros and British pounds. Therefore, it is exposed to foreign currency fluctuations. The Company does not actively manage this risk.

Foreign Currency Sensitivity Analysis

For the year ended August 31, 2020, if the Canadian dollar had strengthened 10% against the U.S. dollar with all other variables held constant, net loss and comprehensive loss would have been $205,000 higher ($1,036,000 higher for the year ended August 31, 2019). Conversely, if the Canadian dollar had weakened 10% against the U.S. dollar with all other variables held constant, net loss and comprehensive loss would have been $205,000 lower for the year ended August 31, 2020 ($1,036,000 lower for the year ended August 31, 2019).

For the year ended August 31, 2020, if the Canadian dollar had strengthened 10% against the euro with all other variables held constant, net loss and comprehensive loss would have been $530,000 higher ($284,000 higher for the year ended August 31, 2019). Conversely, if the Canadian dollar had weakened 10% against the euro with all other variables held constant, net loss and comprehensive loss would have been $530,000 lower for the year ended August 31, 2020 ($284,000 lower for the year ended August 31, 2019).

For the year ended August 31, 2020, if the Canadian dollar had strengthened 10% against the British pound with all other variables held constant, net loss and comprehensive loss would have been $36,000 higher ($26,000 higher for the year ended August 31, 2019). Conversely, if the Canadian dollar had weakened 10% against the British pound with all other variables held constant, net loss and comprehensive loss would have been $36,000 lower for the year ended August 31, 2020 ($26,000 lower for the year ended August 31, 2019).

As at August 31, 2020 and 2019, the risk to which the Company was exposed is established as follows:

	As at August 31, 2020	As at August 31, 2019
	$	$
Cash and cash equivalents (US$1,516,591; US$616,438 as at August 31, 2019)	1,977,938	819,554
Cash and cash equivalents (€228,611; €68,066 as at August 31, 2019)	356,016	99,574
Cash and cash equivalents (£36,258; £54,329 as at August 31, 2019)	63,169	87,931
Trade and other receivables (US$1,913,967; US$2,506,505 as at August 31, 2019)	2,496,196	3,332,399
Trade and other receivables (€613,597; €495,207 as at August 31, 2019)	955,554	724,438
Trade and other receivables (£69,040; £49,060 as at August 31, 2019)	120,282	79,404
Accounts payable and accrued liabilities (US$692,710; US$1,044,681 as at August 31, 2019)	(903,432)	(1,388,903)
Accounts payable and accrued liabilities (€41,569; €2,300 as at August 31, 2019)	(64,736)	(3,365)
Accounts payable and accrued liabilities (£9,520; £37,712 as at August 31, 2019)	(16,585)	(61,037)
Total	4,984,402	3,689,995

CAPITAL MANAGEMENT

The Company's objective in managing capital, primarily composed of shareholders' equity, long-term debt and lease liabilities, is to ensure sufficient liquidity to fund production and R&D activities, general and administrative expenses, sales and marketing expenses, working capital and capital expenditures.

In the past, the Company has had access to liquidity through non-dilutive sources, including the sale of non-core assets, long-term debts, government assistance, R&D tax credits, interest income and to liquidity through dilutive sources as public equity offerings.

As at August 31, 2020, the Company's working capital amounted to $16,888,129 ($21,311,770 as at August 31, 2019), including cash and cash equivalents of $10,884,019 ($14,855,982 as at August 31, 2019). The accumulated deficit at the same date was $43,245,021 ($40,678,055 as at August 31, 2019). Based on the Company's assessment, which takes into account current cash and cash equivalents, as well as its strategic plan and corresponding budgets and forecasts, the Company believes that it has sufficient liquidity and financial resources to fund planned expenditures and other working capital needs for at least, but not limited to, the 12-month period after the reporting date of August 31, 2020.

The Company believes that its current liquid assets are sufficient to finance its activities in the short-term.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. Capital management objectives, policies and procedures have broadly remained unchanged since the last fiscal year.

For the years ended August 31, 2020 and 2019, the Company has not been in default on any of its obligations regarding long-term debt and lease liabilities.

CAPACITY TO PRODUCE RESULTS

As discussed in the section "LIQUIDITY AND CAPITAL RESOURCES", the Company has the required financial resources for its short-term operations, to fulfill its commitments, to support its growth plan and for the development of its activities. On a mid-term perspective, it is possible that additional financing, through the issuance of shares or debt financing or any other means of financing, might be required.

From the human resources' perspective, there are no vacancies in the major executive positions within the Company. However, additional technical and production personnel as well as sales and marketing personnel will be required to support the expected growth. Considering the employment market in Canada, the United States and Europe, the Company is confident in its capacity to recruit qualified human resources in a timely fashion.

Regarding the strategy on corporate executive compensation, it is oriented toward creating long-term value for the shareholders. Several corporate executives hold an important share and share-purchase option position, with rights to be acquired over a four-year period to align shareholders' interest with corporate executives' interest. This long-term vision stimulates innovation and the development of recurring revenues.

NEW ACCOUNTING STANDARD

New Standards Adopted By the Company During the Year

IFRS 16, Leases

On January 13, 2016, the IASB released IFRS 16, *Leases*, which replace IAS 17, *Leases*, and the related interpretations of 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 involving 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 assets at transition. The Company has chosen that the right-of-use assets will be equal to the lease liabilities at the date of the initial application.

Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities in the consolidated statement 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 statement 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:

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

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:

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

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 taxes 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 adoption of the interpretation did not have an impact on the Company's consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

In accordance with the requirements of National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures (DC&P). Based upon the results of the evaluation, the Company's CEO and CFO have concluded that as at August 31, 2020, the Company's disclosure controls and procedures to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported within the appropriate time periods and forms were effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting (ICFR) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with applicable IFRS. Internal control over financial reporting should include those policies and procedures that establish the following:

- Maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and disposals of assets;
- Reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with applicable IFRS;
- Receipts and expenditures are only being made in accordance with authorizations of management or the Board of Directors; and
- Reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposal of the Company's assets that could have a material effect on the financial instruments.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of our internal controls over financial reporting. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting are effective as at August 31, 2020.

RISK FACTORS

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

An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact the Company by decreasing short-term market for its products by delaying the execution of elective interventional cardiology procedures and by causing operating, supply chain and project development delays and disruptions, labour shortages, reduced product demand, travel disruption and shutdowns (including as a result of government regulation and prevention measures), and increased costs to the Company.

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

OFF-BALANCE SHEET ARRANGEMENTS

As of August 31, 2020, the Company was not the primary beneficiary in Special Purpose Entities and there were no off-balance sheet arrangements.

OTHER INFORMATION

Updated information on the Company can be found on the SEDAR Web site at http://www.sedar.com.

On behalf of management,
Chief Financial Officer and Corporate Secretary

(s) Robin Villeneuve, CPA, CA

November 18, 2020