MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 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 three-month period ended November 30, 2020, in comparison with the corresponding period ended November 30, 2019. In this Management's Discussion and Analysis ("MD&A"), "OpSens," "the Company," "we," "us" and "our" mean OpSens Inc. and its subsidiaries. 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 January 12, 2021. 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 January 12, 2021, 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 regulatory 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 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, geotechnical, infrastructures, nuclear, mining, military, 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. As an example, 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:

- Nuclear market: 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;
- Aeronautic market: 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
- Traditional Niche Applications Market: 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

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.

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

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. OpSens has successfully signed agreements with group purchasing organizations with more expected to come; 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 previously suspended due to the COVID-19 pandemic 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 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 regulatory approval for the commercialization of the newest version of its coronary pressure guidewire, OptoWire III, for the United States, Japan, and Canada thus far.

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 – EBITDAO

The Company quarterly reviews net earnings (loss) and Earnings Before Interest, Taxes, Depreciation, Amortization and Stock-based compensation costs ("EBITDAO"). EBITDAO 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. EBITDAO is defined by the Company as the addition of net earnings (loss), financial expenses (income), depreciation and amortization and stock-based compensation costs. The Company uses EBITDAO 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 EBITDAO TO NET EARNINGS (LOSS)

(In thousands of Canadian dollars)	**Three-month period ended November 30, 2020**	**Three-month period ended November 30, 2019**
	$	**$**
Net earnings (loss)	594	(1,871)
Financial expenses	216	160
Depreciation of property, plant and equipment and right-of-use assets	378	380
Amortization of intangible assets	52	22
Stock-based compensation costs	75	120
EBITDAO	1,315	(1,189)

The positive variance of EBITDAO for the three-month period ended November 30, 2020, is mainly explained by the fact that we increased our sales in all segment, we significantly reduced 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 $490,000.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Three-month period ended November 30, 2020	Three-month period ended November 30, 2019
	$	$
Revenues		
Sales		
Medical	7,319	6,461
Industrial	1,000	528
	8,319	6,989
Licensing agreement	17	-
	8,336	6,989
Cost of sales	3,664	3,079
Gross margin	4,672	3,910
Gross margin percentage	56%	56%
Operating expenses		
Administrative	1,469	1,475
Sales and marketing	1,588	2,850
Research and development	1,295	1,296
	4,352	5,621
Other income	(490)	-
Financial expenses	216	160
Net loss and comprehensive loss	594	(1,871)
Basic and diluted net loss per share	0.01	(0.02)

Revenues

The Company reported revenues of $8,336,000 for the three-month period ended November 30, 2020, compared to revenues of $6,989,000 for the corresponding period in 2019, an increase of $1,347,000 or 19%.

Sales in the Medical segment totalled $7,319,000 for the three-month period ended November 30, 2020, compared to sales of $6,461,000 for the same period in 2019. The increase in Medical segment revenues is explained by higher sales in the coronary artery stenosis measurement line of business (FFR and dPR). Coronary artery stenosis measurement sales increased by 24% or $1,049,000 compared with the same period in 2019. This increase is partly offset by lower original equipment manufacturer (“OEM”) medical sales of $191,000 compared to the same period last year.

The Company also reported license agreement revenues of $17,000 related to a new development project with a OEM partner.

Sales in the Industrial segment totalled $1,000,000 for the three-month period ended November 30, 2020, compared to sales of $528,000 for the same period in 2019. The increase is mostly explained by a higher volume of orders compared to the same period last year despite COVID-19.

For the three-month period ended November 30, 2020 and 2019, pricing fluctuations did not have a significant impact on revenues.

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 earnings (loss). For the three-month period ended November 30, 2020, revenues were positively affected by $72,000 compared to the same period last year (sales were positively impacted by $3,000 for the three-month period ended November 30, 2019).

As at November 30, 2020, OpSens' total backlog of orders amounted to $6,378,000 ($1,515,000 as at November 30, 2019).

Gross Margin

Information and analysis in this section do not take into consideration licensing revenues ($17,000 for the three-month period ended November 30, 2020, and nil for the three-month period ended November 30, 2019, respectively).

Gross margin was $4,655,000 for the three-month period ended November 30, 2020, compared to $3,910,000 for the same period last year. The gross margin percentage stay stable at 56% for the three-month period ended November 30, 2020 and 2019.

Administrative Expenses

Administrative expenses were stable at $1,469,000 and $1,475,000, respectively, for the three-month period ended November 30, 2020 and 2019.

Sales and Marketing Expenses

Sales and marketing expenses totalled $1,588,000 for the three-month period ended November 30, 2020, a decrease of $1,262,000 over the $2,850,000 reported during the same period in 2019. The decrease is largely explained by lower headcount, commissions, trade shows and travelling 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.

Research and Development Expenses

Research and development expenses totalled $1,295,000 for the three-month period ended November 30, 2020, a decrease of $1,000 over the $1,296,000 reported during the same period in 2019. Expenses in the quarter are mainly related to the development of our new pressure guidewire for the structural heart.

Other Income

Other income was $490,000 and nil, respectively, for the three-month period ended November 30, 2020 and 2019. The increase is explained by the recognition of a non-refundable contribution under the CEWS program for an amount of $490,000.

Financial Expenses

Financial expenses totalled $216,000 for the three-month period ended November 30, 2020, compared to $160,000 for the same period in 2019. The increase in financial expenses is mainly explained by lower interest income of $56,000 and by less favorable exchange rate $33,000. This is partly offset by lower interest expenses of $41,000.

Net Earnings (Loss)

As a result of the foregoing, net earnings for the three-month period ended November 30, 2020, was $594,000 compared to net loss of $1,871,000 for the same period in 2019.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA

(In thousands of Canadian dollars)	As at November 30, 2020	As at August 31, 2020
	$	$
Current assets	24,202	22,543
Total assets	33,300	31,908
Current liabilities	6,723	5,655
Long-term liabilities	10,561	10,906
Shareholders' equity	16,016	15,347

Total assets as at November 30, 2020, were $33,300,000 compared to $31,908,000 as at August 31, 2020. The increase is mainly related to higher cash and cash equivalents of $1,274,000, by a higher inventory of $484,000 and by a higher intangible asset of $595,000 for our medical activities. This is partly offset by lower trade and other receivables of $255,000.

Current liabilities totalled $6,723,000 as at November 30, 2020, compared to $5,655,000 as at August 31, 2020. The increase is mainly explained by a higher current portion of long-term debt of $754,000 and by a higher account payable and accrued liabilities of $321,000.

Long-term liabilities totalled $10,561,000 as at November 30, 2020, compared to $10,906,000 as at August 31, 2020, a decrease of $345,000. The decrease is mainly explained by a lower long-term lease liability of $85,000 and by a lower long-term debt of $259,000.

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 November 30, 2020	Three-month period ended August 31, 2020	Three-month period ended May 31, 2020	Three-month period ended February 29, 2020
	$	$	$	$
Revenues	8,336	7,576	6,630	8,258
Net earnings (loss) for the period	594	557	52	(1,382)
Basic and diluted net earnings (loss) per share	0.01	0.01	0.00	(0.02)

(Unaudited, in thousands of Canadian dollars, except for information per share)	Three-month period ended November 30, 2019	Three-month period ended August 31, 2019	Three-month period ended May 31, 2019	Three-month period ended February 28, 2019
	$	$	$	$
Revenues	6,989	7,867	7,863	7,919
Net loss for the period	(1,871)	(1,617)	(1,053)	(374)
Basic and diluted net loss per share	(0.02)	(0.02)	(0.01)	(0.00)

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 fiscal year, 2020, activities were slower due to the COVID-19 situation.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2020, the Company had cash and cash equivalents of $12,158,000 compared to $10,884,000 as at August 31, 2020. Of this amount as at November 30, 2020, $8,300,000 were invested in highly-liquid, safe investments.

As at November 30, 2020, OpSens had a working capital of $17,479,000, compared to $16,888,000 as at August 31, 2020. The increase in working capital is mainly related to higher cash and cash equivalents.

Under a new loan agreement with a Canadian financial institution, the Company may receive a maximum amount of $600,000. The loan bears interest at the prime rate plus 1.00% and is repayable in monthly instalments of $16,668 and will mature in February 2024. The loan has a moratorium period without capital payment for a period of 12 months following the date of signature of the agreement. It is secured by a movable hypothec on the universality of the property, plant and equipment and intangible, present, and future of the Company. On November 27, 2020, the Company received $600,000 of this loan. Under this loan agreement, the Company is subject to certain covenants, which were met as of the date of this MD&A.

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)	**Three-month period ended November 30, 2020**	**Three-month period ended November 30, 2019**
	$	**$**
Operating activities	1,304	(611)
Investing activities	(251)	(349)
Financing activities	238	(135)
Effect of foreign exchange rate changes on cash and cash equivalents	(17)	2
Net change in cash and cash equivalents	1,274	(1,093)

Operating Activities

For the three-month period ended November 30, 2020, cash flows generated by our operating activities were $1,304,000 compared to cash flows used of $611,000 for the same period last year. The increase in cash flows used by our operating activities is mainly explained by a positive variance of EBITDAO, as explained previously.

Investing Activities

For the three-month period ended November 30, 2020, cash flows used by our investing activities reached $251,000 compared to $349,000 for the same period in 2019. The decrease in cash flows used is mainly explained by lower acquisition of property, plant, and equipment for the Medical sector.

Financing Activities

For the three-month period ended November 30, 2020, cash flows generated by financing activities reached $238,000 compared to cash flows used of $135,000 for the same period in 2019. The variation is mainly explained by the new loan agreement.

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.

	Three-month period ended November 30,					
			2020			2019
	Medical	Industrial	Total	Medical	Industrial	Total
	$	$	$	$	$	$
External sales	7,336,416	1,000,073	8,336,489	6,461,168	527,733	6,988,901
Internal sales	33,473	33,067	66,540	-	22,089	22,089
Gross margin	4,003,868	668,462	4,672,330	3,640,628	269,334	3,909,962
Depreciation of property, plant and equipment and right-of-use assets	343,652	34,595	378,247	315,564	64,568	380,132
Amortization of intangible assets	48,995	2,523	51,518	18,176	3,977	22,153
Other income	440,481	49,798	490,279	-	-	-
Financial expenses	121,599	94,505	216,104	76,148	84,087	160,235
Net earnings (loss)	349,501	244,650	594,151	(1,671,314)	(199,595)	(1,870,909)
Acquisition of property, plant and equipment	93,470	-	93,470	292,313	24,091	316,404
Additions to intangible assets	106,199	4,929	111,128	143,951	-	143,951
Segment assets	30,830,328	2,469,907	33,300,235	31,324,639	1,927,744	33,252,383
Segment liabilities	16,882,021	401,867	17,283,888	16,804,391	646,712	17,451,103

Information by geographic segment

	Three-month period ended November 30,	
	2020	2019
	$	$
Revenue by geographic segment		
United States	3,199,543	2,999,291
Japan	1,719,719	1,293,734
Canada	704,066	649,950
Others*	2,713,161	2,045,926
	8,336,489	6,988,901

* 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.

During the three-month period ended November 30, 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. 21% and 21% (26% and 18% for the three-month period ended November 30, 2019).

Medical Segment

Information and analysis in this section for revenue and gross margin do not take into consideration licensing revenues ($17,000 for the three-month period ended November 30, 2020, and nil for the three-month period ended November 30, 2019).

For the three-month period ended November 30, 2020, sales from the Medical segment were $7,319,000 compared to $6,461,000 for the three-month period ended November 30, 2019, an increase of $858,000. The increase is explained by higher coronary artery stenosis measurement (FFR and dPR) sales of $1,049,000. This is partly offset by lower OEM medical sales of $193,000.

Gross margin was $3,986,000 for the three-month period ended November 30, 2020, compared to $3,641,000 for the three-month period ended November 30, 2019, an increase of $345,000. The gross margin percentage slightly decreased at 54% for the three-month period ended November 30, 2020, compared to 56% for three-month period ended November 30, 2019 explained by the OEM medical sales.

Net earnings for the Medical segment was $349,000 for the three-month period ended November 30, 2020, compared to a net loss of $1,671,000 for the same period last year. The increase in net earnings is mainly explained by higher sales, a decreased in 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 $440,000.

Working capital for the Medical segment as at November, 2020, was $15,626,000 compared to $15,495,000 as at August 31, 2020. The increase of $131,000 is mainly explained by higher cash and cash equivalents of $1,072,000 and by a higher inventory of $460,000. This is partly offset by lower trade and other receivables of $407,000, a higher current portion of long-term debt of $754,000 and by a higher accounts payable and accrued liabilities of $303,000.

Industrial Segment

For the three-month period ended November 30, 2020, external sales from the Industrial segment were $1,000,000 compared to $528,000 for the three-month period ended November 30, 2019, an increase of $472,000 mostly explained by a higher volume of orders compared to the same period last year.

Gross margin was $669,000 for the three-month period ended November 30, 2020, compared to $269,000 for the same period in 2019, an increase of $400,000. The gross margin percentage increased from 49% for the three-month period ended November 30, 2019, to 65% for the three-month period ended November 30, 2020. The increased in gross margin percentage is mainly explained by the higher volume of sales.

Net earnings for the Industrial segment was $245,000 for the three-month period ended November 30, 2020, compared to a net loss of $200,000 for the three-month period ended November 30, 2019. The increase in net earnings is mainly explained by the higher volume of sales has explained before.

Working capital for the Industrial segment as at November 30, 2020, was $1,853,000 compared to $1,393,000 as at August 31, 2020. The increase is mainly explained by higher cash and cash equivalents of $201,000 and by higher trades and other receivables of $141,000.

INFORMATION ON SHARE CAPITAL

For the three-month period ended November 30, 2020, the Company granted to some employees a total of 495,000 stock options with an average exercise price of $1.01, cancelled 83,500 stock options with an exercise price of $0.85, and 128,125 stock options with an exercise price of $1.49 expired.

For the three-month period ended November 30, 2019, the Company granted to some employees a total of 345,000 stock options with an average exercise price of $0.89, cancelled 101,250 stock options with an exercise price of $0.97 and 100,000 stock options with an average exercise price of $0.72 were exercised.

As at January 12, 2021, the following components of shareholders' equity are outstanding:

Common shares	90,408,817
Stock options	7,064,000
Securities on a fully diluted basis	97,472,817

No dividend was declared per share for each share class.

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.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING (ICFR)

In accordance with the requirements of National Instrument 52-109–Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design of disclosure controls and procedures and the design of internal controls over financial reporting. There have been no changes in the Company's ICFR during the three-month period ended November 30, 2020, that have materially affected, or are reasonably likely materially affecting its ICFR.

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.

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 November 30, 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

January 12, 2021