

Condensed Consolidated Interim Financial Statements

OpSens Inc.

Six-month periods ended February 28, 2021 and February 29, 2020
(unaudited)

OpSens Inc.

Six-month periods ended February 28, 2021 and February 29, 2020

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OpSens Inc.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(amounts are in Canadian dollars) (unaudited)

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Revenues				
Sales	8,809,968	8,257,751	17,128,877	15,246,652
Other	19,062	-	36,642	-
	8,829,030	8,257,751	17,165,519	15,246,652
Cost of sales	4,260,430	4,009,394	7,924,589	7,088,333
Gross margin	4,568,600	4,248,357	9,240,930	8,158,319
Operating expenses				
Administrative	1,488,161	1,248,703	2,956,773	2,723,223
Sales and marketing	1,554,418	2,834,821	3,142,374	5,684,802
Research and development	1,284,080	1,422,570	2,579,866	2,718,705
	4,326,659	5,506,094	8,679,013	11,126,730
Other income	(110,025)	-	(600,304)	-
Financial expenses	292,515	124,285	508,619	284,520
Income (loss) before income taxes	59,451	(1,382,022)	653,602	(3,252,931)
Current income taxes expense	18,704	-	18,704	-
Net income (loss)	40,747	(1,382,022)	634,898	(3,252,931)
Other comprehensive income				
<i>Items that may be reclassified subsequently to net income (loss)</i>				
Net changes in unrealized gain on translation of foreign operations (Note 2)	304	-	359	-
Comprehensive income (loss)	41,051	(1,382,022)	635,257	(3,252,931)
Basic and diluted net earnings (loss) per share (Note 6)	0.00	(0.02)	0.01	(0.04)

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

OpSens Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Six-month period ended February 28, 2021

(amounts are in Canadian dollars) (unaudited)

	Common shares	Share capital	Reserve – Stock option plan	Accumulated other comprehensive income – Foreign operations translation	Deficit	Total
	(number)	\$	\$	\$	\$	\$
Balance as at August 31, 2020	90,280,317	54,768,369	3,823,514	-	(43,245,021)	15,346,862
Common shares issued in connection with a public bought deal offering (Note 5a)	15,972,222	26,598,843	-	-	-	26,598,843
Common shares issued pursuant to the stock option plan (Note 5a)	387,375	579,722	(181,972)	-	-	397,750
Stock-based compensation costs	-	-	168,267	-	-	168,267
Other comprehensive income – Net changes in unrealized gain on translation of foreign operations (Note 2)	-	-	-	359	-	359
Net income	-	-	-	-	634,898	634,898
Balance as at February 28, 2021	106,639,914	81,946,934	3,809,809	359	(42,610,123)	43,146,979

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

OpSens Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Six-month period ended February 29, 2020

(amounts are in Canadian dollars) (unaudited)

	Common shares		Total	Share capital	Reserve – Stock option plan	Deficit	Total
	Issued	Subscribed					
	(number)	(number)	(number)	\$	\$	\$	\$
Balance as at August 31, 2019	90,180,317	51,149	90,231,466	54,709,401	3,409,390	(40,678,055)	17,440,736
Impact of adopting IFRS 16	-	-	-	-	-	76,838	76,838
Common shares issued pursuant to the stock option plan (Note 5a)	100,000	(51,149)	48,851	58,968	(24,171)	-	34,797
Stock-based compensation costs	-	-	-	-	263,038	-	263,038
Net loss and comprehensive loss	-	-	-	-	-	(3,252,931)	(3,252,931)
Balance as at February 29, 2020	90,280,317	-	90,280,317	54,768,369	3,648,257	(43,854,148)	14,562,478

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

OpSens Inc.

Condensed Consolidated Interim Statements of Financial Position

(amounts are in Canadian dollars) (unaudited)

	As at February 28, 2021	As at August 31, 2020
	\$	\$
Assets		
Current		
Cash and cash equivalents (Note 7)	39,312,688	10,884,019
Trade and other receivables	5,246,281	4,041,080
Government assistance receivable	105,000	428,601
Tax credits receivables	141,783	105,677
Inventories	5,824,693	6,505,094
Prepaid expenses	618,787	578,893
	51,249,232	22,543,364
Property, plant and equipment	2,952,900	3,229,787
Intangible assets	1,706,341	1,622,310
Right-of-use assets (Note 4)	4,751,621	4,512,978
	60,660,094	31,908,439
Liabilities		
Current		
Accounts payable and accrued liabilities	3,566,809	3,545,323
Warranty provision (Note 8)	75,244	153,138
Deferred revenues	76,081	48,951
Current income taxes payable	13,485	-
Current portion of long-term debt (Note 3)	2,857,049	1,460,654
Current portion of lease liabilities (Note 4)	503,503	447,169
	7,092,171	5,655,235
Long-term debt (Note 3)	5,881,192	6,607,911
Lease liabilities (Note 4)	4,539,752	4,298,431
	17,513,115	16,561,577
Shareholders' equity		
Share capital (Note 5a)	81,946,934	54,768,369
Reserve – Stock option plan (Note 5b)	3,809,809	3,823,514
Accumulated other comprehensive income (Note 2)	359	-
Deficit	(42,610,123)	(43,245,021)
	43,146,979	15,346,862
	60,660,094	31,908,439

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

Approved by the Board

Signed [Jean Lavigueur], director

Signed [Louis Laflamme], director

OpSens Inc.

Condensed Consolidated Interim Statements of Cash Flows

(amounts are in Canadian dollars) (unaudited)

	<u>Three-month periods ended</u>		<u>Six-month periods ended</u>	
	<u>February 28, 2021</u>	<u>February 29, 2020</u>	<u>February 28, 2021</u>	<u>February 29, 2020</u>
	\$	\$	\$	\$
Operating activities				
Net income (loss) for the period	40,747	(1,382,022)	634,898	(3,252,931)
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	382,550	385,927	760,797	766,059
Amortisation of intangible assets	58,498	25,584	110,016	47,737
Loss on disposal of property, plant and equipment	23,832	57	65,515	2,378
Stock-based compensation costs	92,988	143,220	168,267	263,038
Interest expense	158,643	116,243	289,428	257,242
Unrealized foreign exchange loss (gain)	51,493	(14,132)	69,168	(16,387)
Changes in non-cash operating working capital items (Note 7)	(497,325)	(1,316,038)	(482,396)	(719,494)
	311,426	(2,041,161)	1,615,693	(2,652,358)
Investing activities				
Acquisition of property, plant and equipment	(158,592)	(236,795)	(308,575)	(551,772)
Additions to intangible assets	(94,199)	(215,858)	(205,427)	(315,684)
Interest received	10,302	55,628	20,030	121,342
	(242,489)	(397,025)	(493,972)	(746,114)
Financing activities				
Increase in long-term debt, net of transaction costs	242,180	-	842,180	244,206
Reimbursement of long-term debt	(76,996)	(95,710)	(192,588)	(214,670)
Payment of lease liabilities	(120,018)	(108,885)	(235,927)	(213,245)
Proceeds from issuance of shares (Note 5a)	29,147,750	-	29,147,750	34,797
Transaction costs attributable to the issuance of common shares (Note 5a)	(1,896,283)	-	(1,896,283)	-
Interest paid	(159,285)	(156,685)	(289,375)	(347,420)
	27,137,348	(361,280)	27,375,757	(496,332)
Effect of foreign exchange rate changes on cash and cash equivalents	(51,189)	14,132	(68,809)	16,387
Increase (decrease) in cash and cash equivalents	27,155,096	(2,785,334)	28,428,669	(3,878,417)
Cash and cash equivalents – Beginning of period	12,157,592	13,762,899	10,884,019	14,855,982
Cash and cash equivalents – End of period	39,312,688	10,977,565	39,312,688	10,977,565

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

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

OpSens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

1. Incorporation and Description of Business

OpSens Inc. (OpSens or the Company) is incorporated under the Business Corporations Act (Quebec). OpSens focuses mainly on physiological measurement such as Fractional Flow Reserve (FFR) and dPR in the coronary artery stenosis market and also supplies a wide range of miniature optical sensors to measure pressure and temperature to be used in a wide range of applications that can be integrated in other medical devices. OpSens offers an advanced optical-based pressure guidewire (OptoWire) that aims at improving the clinical outcome of patients with coronary artery stenosis. OpSens is also involved in industrial activities through its wholly-owned subsidiary OpSens Solutions Inc. (Solutions). Solutions develops, manufactures and installs innovative fibre optic sensing solutions for critical and demanding industrial applications. The Company's head office is located at 750, du Parc-Technologique Blvd., Quebec City, Quebec, Canada, G1P 4S3.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International *Accounting Standards Board* (IASB) applicable to the preparation of interim financial statements, including International Accounting Standards (IAS) 34, *Interim Financial Reporting* and using the same accounting policies and methods of computation as the most recent annual financial statements, except for the changes in accounting policies described below. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

Assessment of COVID-19 Impact

Because of the economic and business uncertainties caused by the spread of COVID-19 virus, the Company reviewed all the critical accounting estimates, assumptions and judgements that are made by management during the preparation of the condensed consolidated interim financial statements. No significant change is necessary following this review for these condensed consolidated interim financial statements in comparison with the consolidated financial statements for the year ended August 31, 2020. However, because of the uncertain and evolving situation associated with the spread of COVID-19, new information could emerge after the approval date of the condensed consolidated interim financial statements. This could lead to the necessity for the Company to review the critical accounting estimates, assumptions and judgements prospectively over the next periods. Management continues to monitor and evaluate the situation and its impact on the Company's activities.

Thus far, the Company has had no manufacturing, supply chain, or distribution disruptions caused by the spread of COVID-19 virus. However, it is not possible to reliably estimate the length, severity and long-term impact the global pandemic may have on the Company's financial results, business conditions and cash flows because of the uncertainties about future developments.

Changes in Accounting Policies

The accounting policies and basis of measurement applied in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended August 31, 2020, except as disclosed below.

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Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and those of its wholly-owned subsidiaries. All intra-group transactions, balances, revenues and expenses are fully eliminated upon consolidation until they are realized with a third party.

Foreign Operations

Each subsidiary determines its own functional currency. The items included in its financial statements are therefore measured in this functional currency. For entities that have a functional currency that differs from the Company, their financial statements are translated in Canadian dollar as follows: assets and liabilities are translated at the end-of-period exchange rate and revenues and expenses are translated at the monthly average exchange rates in effect during the period. If exchange rates fluctuate significantly, revenues and expenses are instead translated using the exchange rates at the dates of the transactions. All resulting exchange differences are recognised in other comprehensive income as *Net changes in unrealized gain on translation of foreign operations*.

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Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

3. Long-term Debt

	As at February 28, 2021	As at August 31, 2020
	\$	\$
Contributions repayable to Canada Economic Development (CED), without interest (effective rate of 13.50%), repayable in 20 equal and consecutive quarterly instalments of \$15,000, maturing in April 2021 without payment from April to December 2020 inclusive due to a nine-month moratorium.		
Debt balance	15,000	30,000
Imputed interest	(51)	(400)
	14,949	29,600
Contributions repayable to Canada Economic Development (CED), without interest (effective rate of 12.00%), repayable in 59 equal and consecutive monthly instalments of \$3,333 and a final payment of \$3,353, maturing in July 2024 without payment from April to December 2020 inclusive due to a nine-month moratorium.		
Debt balance	136,673	143,339
Imputed interest	(15,837)	(20,513)
	120,836	122,826
Term loan, bearing interest at prime rate plus 0.25%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, payable in 48 monthly instalments of \$18,750, maturing in November 2020 without principal payment from March to August 2020 inclusive due to a six-month moratorium. Amounts received are net of transaction costs of \$9,000.	-	56,236
Term loan, bearing interest at prime rate plus 0.25%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, payable in 48 monthly instalments of \$4,500, maturing in August 2022 without principal payment from March to August 2020 inclusive due to a six-month moratorium. Amounts received are net of transaction costs of \$2,160.	85,284	107,624
Amounts to be carried forward	221,069	316,286

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Notes to the Condensed Consolidated Interim Financial Statements Six-month periods ended February 28, 2021 and February 29, 2020 (amounts are in Canadian dollars) (unaudited)

3. Long-term Debt (continued)

	As at February 28, 2021	As at August 31, 2020
	\$	\$
Amounts carried over	221,069	316,286
Term loan, bearing interest at prime rate plus 2.00%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, maturing in February 2024 without principal payment for a 24-month period following the signature of an agreement in March 2019. The principal is payable in 36 monthly instalments of \$194,444. Amounts received are net of transaction costs of \$87,468.	6,959,639	6,947,412
Term loan, bearing interest at prime rate plus 0.25%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, maturing in June 2024 without principal payment for a 12-month period following the receipt of the first tranche of the loan in October 2019. The second and last tranche of the loan for \$242,180 has been received in January 2021. The principal is payable in 44 monthly instalments of \$10,938 and a final payment of \$10,386. Amounts received are net of transaction costs of \$5,250.	445,385	245,704
Term loan bearing interest at 6.66% payable in 111 monthly instalments of \$8,070, maturing in September 2025.	512,148	559,163
Term loan, bearing interest at prime rate plus 1.00%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, maturing in February 2024 without principal payment for a 12-month period following the signature of an agreement in March 2020. The principal is payable in 36 monthly instalments of \$16,668.	600,000	-
	8,738,241	8,068,565
Current portion	2,857,049	1,460,654
	5,881,192	6,607,911

4. Leases

During the three-month period ended February 28, 2021, the Company signed an amendment to a lease for a building to extend the lease term by three years. At the remeasurement date of the lease liability, the Company used the present value of the remaining lease payments on a discounted basis, using its incremental borrowing rate, which was 3.45%. The amount of the remeasurement of the lease liability of \$533,583 has been recognised as an adjustment to the right-of-use asset.

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Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

5. Shareholders' equity

a) Share Capital

On February 25, 2021, the Company completed a public bought deal offering for aggregate gross proceeds of \$28,750,000. In connection with the offering, the Company issued a total of 15,972,222 common shares at a price of \$1.80 per common share.

Transaction costs of the offering include underwriting fees of \$1,725,000 and other professional fees and miscellaneous fees of \$426,157 for total transactions costs of \$2,151,157 of which \$1,896,283 have been paid and \$254,874 are included in *Accounts payable and accrued liabilities*.

During the six-month period ended February 28, 2021, following the exercise of stock options, the Company issued 387,375 common shares (48,851 common shares for the six-month period ended February 29, 2020) for a cash consideration of \$397,750 (\$34,797 for the six-month period ended February 29, 2020). As a result, an amount of \$181,972 was reallocated from *Reserve – Stock option plan* to *Share capital* in shareholders' equity (\$24,171 for the six-month period ended February 29, 2020). Also, no subscribed common shares have been issued (51,149 subscribed common shares for the six-month period ended February 29, 2020).

b) Stock Options

The changes in the number of stock options granted by the Company and their weighted-average exercise prices, for the six-month periods ended February 28, 2021 and February 29, 2020, are as follows:

	Six-month period ended February 28, 2021		Six-month period ended February 29, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – Beginning of year	6,596,375	1.01	7,004,000	1.04
Options granted	936,250	1.23	722,500	0.87
Options exercised	(387,375)	1.03	(100,000)	0.72
Options expired	(298,125)	1.20	(176,250)	0.76
Options cancelled	(149,750)	0.89	(238,375)	0.91
Balance – End of period	6,697,375	1.03	7,211,875	1.04

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Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

5. Shareholders' equity (continued)

b) Stock Options (continued)

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

	Six-month period ended February 28, 2021	Six-month period ended February 29, 2020
Risk-free interest rate	Between 0.17% and 0.39%	Between 1.55% and 1.67%
Volatility	Between 55.81% and 67.11%	Between 46.43% and 50.02%
Dividend yield on shares	Nil	Nil
Expected life	0 to 5 years	0 to 5 years
Weighted share price	\$1.19	\$0.87
Weighted fair value per option at the grant date	\$0.50	\$0.29

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

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Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

6. Net Earnings (Loss) per Share

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

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Net income (loss) attributable to shareholders				
Basic and diluted	40,747	(1,382,022)	634,898	(3,252,931)
Number of shares				
Basic weighted average number of shares outstanding	91,009,302	90,280,317	90,642,796	90,273,174
Diluted weighted average number of shares outstanding	93,411,997	90,280,317	91,992,041	90,273,174
Amount per share				
Basic and diluted net earnings (loss) per share	0.00	(0.02)	0.01	(0.04)

Stock options are excluded from the calculation of the diluted weighted average number of shares outstanding when their exercise price is greater than the average market price of common shares or when their effect is antidilutive. The number of stock options excluded from the calculation because their exercise price is greater than the average market price of common shares is presented below:

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Stock options	782,250	4,769,565	2,061,250	4,328,080

For the three-month period ended February 28, 2021, the dilutive effect is about 2,402,695 units for stock options for which their exercise price is lesser than the average market price of common shares. For the six-month period ended February 28, 2021, the dilutive effect is about 1,349,245 units for stock options for which their exercise price is lesser than the average market price of common shares. For the three-month and the six-month periods ended February 29, 2020, the diluted amount per share was the same amount as the basic amount per share, since the dilutive effect of stock options was not included in the calculation; otherwise, the effect would have been antidilutive. Accordingly, the diluted amount per share for these periods was calculated using the basic weighted average number of shares outstanding.

OpSens Inc.

Notes to the Condensed Consolidated Interim Financial Statements Six-month periods ended February 28, 2021 and February 29, 2020 (amounts are in Canadian dollars) (unaudited)

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

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
<i>Changes in non-cash operating working capital items</i>				
Trade and other receivables	(1,468,980)	(1,121,474)	(1,205,201)	43,473
Government assistance receivable	335,481	-	323,601	-
Tax credits receivable	(24,501)	(59,292)	(36,106)	(84,158)
Inventories	1,164,164	665,017	680,401	397,929
Prepaid expenses	101,710	(468,444)	(39,894)	(279,878)
Accounts payable and accrued liabilities	(545,339)	(342,867)	(167,918)	(820,920)
Warranty provision	(62,471)	600	(77,894)	4,203
Deferred revenues	(10,874)	10,422	27,130	19,857
Current income taxes payable	13,485	-	13,485	-
	(497,325)	(1,316,038)	(482,396)	(719,494)

Supplementary information

Unpaid acquisition of property, plant and equipment	29,415	12,815	29,415	12,815
Unpaid additions to intangible assets	18,087	33,920	18,087	33,920
Unpaid transaction costs attributable to the issuance of common shares	254,874	-	254,874	-

	As at February 28, 2021	As at August 31, 2020
	\$	\$
<i>Cash and cash equivalents</i>		
Cash	30,421,473	3,251,374
Short-term investments	8,891,215	7,632,645
	39,312,688	10,884,019

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Notes to the Condensed Consolidated Interim Financial Statements

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(amounts are in Canadian dollars) (unaudited)

8. Warranty provision

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

	Six-month periods ended	
	February 28, 2021	February 29, 2020
	\$	\$
Balance – Beginning of year	153,138	134,460
Additional provision recognized	18,943	46,500
Unused amount reversed during the period	(46,515)	-
Amount used during the period	(50,053)	(42,297)
Effect of foreign exchange differences	(269)	-
Balance – End of period	75,244	138,663

This provision estimate is based on past experience. The actual costs that the Company may incur, as well as the moment when the parts should be replaced, can differ from the estimated amount.

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Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

9. Segmented Information

Segmented Information

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

Medical segment: in this segment, OpSens focuses mainly on physiological measurement such as FFR and dPR in the coronary artery stenosis market and also supplies a wide range of miniature optical sensors to measure pressure and temperature to be used in a wide range of applications that can be integrated in other medical devices. This also includes other 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 February 28, 2021			Three-month period ended February 29, 2020		
	Medical	Industrial	Total	Medical	Industrial	Total
	\$	\$	\$	\$	\$	\$
External sales	7,850,048	978,982	8,829,030	7,350,170	907,581	8,257,751
Internal sales	38,617	54,802	93,419	-	21,656	21,656
Gross margin	3,838,756	729,844	4,568,600	3,599,469	648,888	4,248,357
Depreciation of property, plant and equipment and right-of-use assets	344,356	38,194	382,550	324,349	61,578	385,927
Amortisation of intangible assets	55,756	2,742	58,498	22,373	3,211	25,584
Other income	5,025	105,000	110,025	-	-	-
Financial expenses	181,171	111,344	292,515	49,317	74,968	124,285
Current income taxes expense	18,704	-	18,704	-	-	-
Net income (loss)	(364,354)	405,101	40,747	(1,542,300)	160,278	(1,382,022)
Acquisition of property, plant and equipment	159,982	1,033	161,015	192,640	4,657	197,297
Additions to intangible assets	68,063	14,856	82,919	192,410	8,775	201,185
Segment assets	57,058,635	3,601,459	60,660,094	29,183,336	2,235,750	31,419,086
Segment liabilities	16,550,481	962,634	17,513,115	16,319,764	536,844	16,856,608

OpSens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

9. Segmented Information (continued)

	Six-month period ended February 28, 2021			Six-month period ended February 29, 2020		
	Medical	Industrial	Total	Medical	Industrial	Total
	\$	\$	\$	\$	\$	\$
External sales	15,186,464	1,979,055	17,165,519	13,811,338	1,435,314	15,246,652
Internal sales	72,090	87,869	159,959	-	43,745	43,745
Gross margin	7,842,624	1,398,306	9,240,930	7,240,097	918,222	8,158,319
Depreciation of property, plant and equipment and right-of-use assets	688,008	72,789	760,797	639,913	126,146	766,059
Amortisation of intangible assets	104,751	5,265	110,016	40,549	7,188	47,737
Other income	445,506	154,798	600,304	-	-	-
Financial expenses	302,770	205,849	508,619	125,465	159,055	284,520
Current income taxes expense	18,704	-	18,704	-	-	-
Net income (loss)	(14,853)	649,751	634,898	(3,213,614)	(39,317)	(3,252,931)
Acquisition of property, plant and equipment	253,452	1,033	254,485	484,953	28,748	513,701
Additions to intangible assets	174,262	19,785	194,047	336,361	8,775	345,136
Segment assets	57,058,635	3,601,459	60,660,094	29,183,336	2,235,750	31,419,086
Segment liabilities	16,550,481	962,634	17,513,115	16,319,764	536,844	16,856,608

OpSens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

9. Segmented Information (continued)

Information by geographic segment

	<u>Three-month periods ended</u>		<u>Six-month periods ended</u>	
	<u>February 28, 2021</u>	<u>February 29, 2020</u>	<u>February 28, 2021</u>	<u>February 29, 2020</u>
	\$	\$	\$	\$
Revenue by geographic segment				
United States	2,954,743	3,149,684	6,154,286	6,148,975
Japan	2,386,871	1,820,513	4,106,590	3,114,247
Canada	886,421	707,722	1,590,487	1,357,672
Other*	2,600,995	2,579,832	5,314,156	4,625,758
	8,829,030	8,257,751	17,165,519	15,246,652

* 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. Non-current assets located in other countries are not significant.

During the three-month period ended February 28, 2021, revenues from two clients from the Medical's reportable segment represented individually more than 10% of the total revenues of the Company, i.e. 27% and 17% (23% and 22% for the three-month period ended February 29, 2020).

During the six-month period ended February 28, 2021, 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 19% (24% and 20% for the six-month period ended February 29, 2020).

OpSens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Six-month periods ended February 28, 2021 and February 29, 2020

(amounts are in Canadian dollars) (unaudited)

10. Related Party Transactions

Key management personnel, having authority and responsibility for planning, directing and controlling the activities of the Company, comprise the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and the President of OpSens Solutions Inc. Compensation of key management personnel and directors during the three-month and the six-month periods ended February 28, 2021 and February 29, 2020 were as follows:

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Short-term salaries and other benefits	295,140	267,089	580,849	534,574
Option-based awards	21,144	65,440	42,720	101,108
	316,284	332,529	623,569	635,682

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

11. Approval of Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on April 13, 2021.