

Condensed Consolidated Interim Financial Statements

Opsens Inc.

Nine-month periods ended May 31, 2020 and 2019
(unaudited)

Opsens Inc.

Nine-month periods ended May 31, 2020 and 2019

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Opsens Inc.

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

(unaudited)

	Three-month periods ended		Nine-month periods ended	
	May 31,		May 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues				
Sales	6,630,417	7,525,834	21,877,069	21,581,989
Licensing	-	336,925	-	3,302,394
	6,630,417	7,862,759	21,877,069	24,884,383
Cost of sales	2,986,168	3,339,178	10,074,501	10,162,076
Gross margin	3,644,249	4,523,581	11,802,568	14,722,307
Operating expenses				
Administrative	1,301,629	1,194,752	4,024,852	3,433,063
Sales and marketing	1,637,025	3,058,916	7,321,827	7,941,660
Research and development	1,410,817	1,292,994	4,129,522	3,684,990
	4,349,471	5,546,662	15,476,201	15,059,713
Other income (Note 10)	(800,754)	-	(800,754)	-
Financial expenses (income)	43,917	29,565	328,437	(3,241)
Net earnings (loss) and comprehensive earnings (loss)	51,615	(1,052,646)	(3,201,316)	(334,165)
Basic and diluted net earnings (loss) per share (Note 7)	0.00	(0.01)	(0.04)	(0.00)

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

Opsens Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Nine-month period ended May 31, 2020

(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 (Note 2)	-	-	-	-	-	76,838	76,838
Shares issued pursuant to the stock option plan (Note 6a)	100,000	(51,149)	48,851	58,968	(24,171)	-	34,797
Stock-based compensation costs	-	-	-	-	359,510	-	359,510
Net loss and comprehensive loss	-	-	-	-	-	(3,201,316)	(3,201,316)
Balance as at May 31, 2020	90,280,317	-	90,280,317	54,768,369	3,744,729	(43,802,533)	14,710,565

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

Opsens Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Nine-month period ended May 31, 2019

(unaudited)

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

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

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

Opsens Inc.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

	As at May 31, 2020	As at August 31, 2019
	\$	\$
Assets		
Current		
Cash and cash equivalents (Note 8)	9,970,584	14,855,982
Trade and other receivables	4,266,590	5,115,249
Government assistance receivable (Note 10)	800,754	-
Tax credits receivables	89,525	297,391
Inventories	6,191,603	5,133,051
Prepaid expenses	967,937	697,345
	22,286,993	26,099,018
Property, plant and equipment	2,951,778	2,962,270
Intangible assets	1,504,304	1,027,195
Right-of-use assets (Notes 2 and 5)	4,781,498	-
	31,524,573	30,088,483
Liabilities		
Current		
Accounts payable and accrued liabilities	3,668,223	4,293,483
Warranty provision (Note 9)	106,649	134,460
Current portion of long-term debt (Note 4)	835,278	359,305
Current portion of lease liabilities (Notes 2 and 5)	529,003	-
	5,139,153	4,787,248
Long-term debt (Note 4)	7,246,635	7,135,020
Lease liabilities (Notes 2 and 5)	4,428,220	-
Deferred lease inducements (Note 2)	-	725,479
	16,814,008	12,647,747
Shareholders' equity		
Share capital (Note 6a)	54,768,369	54,709,401
Reserve – Stock option plan (Note 6b)	3,744,729	3,409,390
Deficit	(43,802,533)	(40,678,055)
	14,710,565	17,440,736
	31,524,573	30,088,483

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

(unaudited)

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Operating activities				
Net earnings (loss) for the period	51,615	(1,052,646)	(3,201,316)	(334,165)
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	395,526	196,828	1,161,585	597,049
Amortisation of intangible assets	48,026	22,363	95,763	66,063
Loss on disposal of property, plant and equipment	12,188	-	14,566	12,114
Write-off of intangible assets	-	-	-	7,988
Stock-based compensation costs	96,472	159,636	359,510	368,105
Interest expense	172,962	66,312	430,204	31,815
Unrealized foreign exchange gain	(36,307)	(22,674)	(52,694)	(32,116)
Changes in non-cash operating working capital items (Note 8)	(1,022,851)	1,010,629	(1,742,345)	(129,000)
	(282,369)	380,448	(2,934,727)	587,853
Investing activities				
Acquisition of property, plant and equipment	(154,597)	(129,721)	(706,369)	(572,724)
Additions to intangible assets	(209,352)	(236,517)	(525,036)	(307,434)
Interest received	13,246	58,639	134,588	132,521
	(350,703)	(307,599)	(1,096,817)	(747,637)
Financing activities				
Increase in long-term debt, net of transaction costs	-	6,932,532	244,206	6,912,532
Reimbursement of long-term debt	(133,510)	(240,581)	(348,180)	(568,632)
Payment of lease liabilities	(102,255)	-	(315,500)	-
Proceeds from issuance of shares (Note 6a)	-	83,625	34,797	127,625
Interest paid	(174,451)	(110,177)	(521,871)	(126,246)
	(410,216)	6,665,399	(906,548)	6,345,279
Effect of foreign exchange rate changes on cash and cash equivalents	36,307	22,674	52,694	32,116
(Decrease) increase in cash and cash equivalents	(1,006,981)	6,760,922	(4,885,398)	6,217,611
Cash and cash equivalents – Beginning of period	10,977,565	10,343,477	14,855,982	10,886,788
Cash and cash equivalents – End of period	9,970,584	17,104,399	9,970,584	17,104,399

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

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

Opsens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Nine-month periods ended May 31, 2020 and 2019

(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 interventional cardiology and also supplies a wide range of miniature optical sensors to measure pressure and temperature to be used in a wide range of applications that can be integrated in other medical devices. Opsens offers an advanced optical-based pressure guidewire (OptoWire) that aims at improving the clinical outcome of patients with coronary artery disease. Opsens is also involved in industrial activities through its wholly-owned subsidiary Opsens Solutions Inc. (Solutions). Solutions develops, manufactures and installs innovative fibre optic sensing solutions for critical and demanding industrial applications. The Company's head office is located at 750, du Parc-Technologique Blvd., Quebec City, Quebec, Canada, G1P 4S3.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International *Accounting Standards Board* (IASB) applicable to the preparation of interim financial statements, including International Accounting Standards (IAS) 34, *Interim Financial Reporting* and using the same accounting policies and methods of computation as the most recent annual financial statements, except for the changes in accounting policies described below. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

Changes in Accounting Policies

The accounting policies and basis of measurement applied in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended August 31, 2019, except as disclosed below.

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. 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.

Thus far, the Company has had no manufacturing, supply chain, or distribution disruptions and has continued to fulfill orders to customers. 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.

With respect to the Canada Emergency Wage Subsidy (CEWS) program, the Company may receive a non-refundable contribution for admissible salaries related to its workforce. This contribution is classified as *Other income* in the condensed consolidated interim statements of earnings (loss) and comprehensive earnings (loss). The contribution receivable is classified as *Government assistance receivable* in the condensed consolidated interim statements of financial position.

Opsens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Nine-month periods ended May 31, 2020 and 2019

(unaudited)

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

New standard 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 on leases such as IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – Incentives* and SIC 27, *Evaluating the substance of transactions in the legal form of a lease*. This new standard specifies how to recognize, measure, present and disclose leases. It also provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless lease term is twelve months or less or the underlying asset has a small value. Accounting for the lessor remains substantially unchanged. The standard is effective for periods beginning on or after January 1, 2019, with earlier application permitted for companies that also apply IFRS 15, *Revenue from Contracts with Customers*.

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

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

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

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

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Notes to the Condensed Consolidated Interim Financial Statements

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(unaudited)

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

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

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

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

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

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

Opsens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Nine-month periods ended May 31, 2020 and 2019

(unaudited)

2. Basis of Preparation (continued)

Changes in Accounting Policies (continued)

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

IFRIC 23, Uncertainty Over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC 23, *Uncertainty Over Income Tax Treatments* (the “interpretation”). The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after January 1, 2019.

The interpretation requires an entity to:

- contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty;
- measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

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

Opsens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Nine-month periods ended May 31, 2020 and 2019

(unaudited)

3. Impairment testing

The COVID-19 pandemic has resulted in an overall decline in equity markets, as well as ongoing economic uncertainty, impacted the Company activities and revenues during the last quarter. Management identified a potential impairment indicator of assets and as a result, has performed an impairment test for the Medical segment cash-generating unit (CGU). The Company estimated the CGU's fair value less costs of disposal to determine the recoverable amount and considers the relationship between its market capitalization and its book value, among other factors, when assessing for impairment. As at May 31, 2020, the market capitalization of the Company exceeded the carrying amount of the CGU, indicating no impairment required.

4. Long-term Debt

	As at May 31, 2020	As at August 31, 2019
	\$	\$
Contributions repayable to ministère des Finances et de l'Économie (MFE), without interest (effective rate of 9.00%), repayable in 5 equal and consecutive annual instalments of \$82,718, maturing in February 2020 (final payment in March 2020).		
Debt balance	-	82,718
Imputed interest	-	(3,618)
	-	79,100
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 August 2020. Since April 2020, all payments due to CED are deferred for six months.		
Debt balance	30,000	60,000
Imputed interest	(739)	(4,531)
	29,261	55,469
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 October 2023. The difference between amounts received and estimated fair value is recognized as government grants. Since April 2020, all payments due to CED are deferred for six months.		
Debt balance	143,339	166,670
Imputed interest	(23,150)	(33,199)
	120,189	133,471
Amounts to be carried forward	149,450	268,040

Opsens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(unaudited)

4. Long-term Debt (continued)

	As at May 31, 2020	As at August 31, 2019
	\$	\$
Amounts carried over	149,450	268,040
Term loan, bearing interest at prime rate plus 0.25%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, payable in 48 monthly instalments of \$18,750, maturing in May 2020. Amounts received are net of transaction costs of \$9,000. Since March 2020, all capital payments are deferred for a maximum period of six months.	56,215	168,336
Term loan, bearing interest at prime rate plus 0.25%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, payable in 48 monthly instalments of \$4,500, maturing in February 2022. Amounts received are net of transaction costs of \$2,160. Since March 2020, all capital payments are deferred for a maximum period of six months.	107,531	134,147
Term loan, bearing interest at prime rate plus 2.00%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, maturing in February 2024 with no principal payment for a 24-month period following the signature of the agreement on March 2019. The principal is payable in 36 monthly instalments of \$194,444. Amounts received are net of transaction costs of \$87,468.	6,941,340	6,923,802
Term loan, bearing interest at prime rate plus 0.25%, secured by a movable hypothec on the universality of the Company's present and future property, plant and equipment and intangible assets, maturing in September 2024 with no principal payment for a 12-month period following the receipt of the loan on October 2019. The principal is payable in 48 monthly instalments of \$5,197. Amounts received are net of transaction costs of \$5,250.	245,284	-
Term loan bearing interest at 6.66% payable in 111 monthly instalments of \$8,070, maturing in September 2025.	582,093	-
	8,081,913	7,494,325
Current portion	835,278	359,305
	7,246,635	7,135,020

Opsens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Nine-month periods ended May 31, 2020 and 2019

(unaudited)

5. Leases

The Company has leases for buildings and hosting servers.

Right-of-use assets

The following table presents the right-of-use assets for the Company as at May 31, 2020:

	Nine-month period ended May 31, 2020		
	Buildings	Hosting servers	Total
	\$	\$	\$
Opening balance as at September 1, 2019	5,190,001	82,722	5,272,723
Depreciation of right-of-use assets	(466,408)	(24,817)	(491,225)
Net book value as at May 31, 2020	4,723,593	57,905	4,781,498

Lease liabilities

The following table presents the lease liabilities for the Company as at May 31, 2020:

	Nine-month period ended May 31, 2020		
	Buildings	Hosting servers	Total
	\$	\$	\$
Opening balance as at September 1, 2019	5,190,001	82,722	5,272,723
Payment of lease liabilities	(528,366)	(25,811)	(554,177)
Sublease income from right-of-use assets	18,495	-	18,495
Interest expense on lease liabilities	217,038	3,144	220,182
Lease liabilities as at May 31, 2020	4,897,168	60,055	4,957,223
Current portion	496,682	32,321	529,003
Long-term lease liabilities as at May 31, 2020	4,400,486	27,734	4,428,220

Opsens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

Nine-month periods ended May 31, 2020 and 2019

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6. Shareholders' equity

a) Share capital

During the nine-month period ended May 31, 2020, following the exercise of stock options, the Company issued 48,851 common shares (211,500 common shares for the nine-month period ended May 31, 2019) for a cash consideration of \$34,797 (\$127,625 for the nine-month period ended May 31, 2019). As a result, an amount of \$24,171 was reallocated from "Reserve – Stock option plan" to "Share capital" in shareholders' equity (\$76,030 for the nine-month period ended May 31, 2019). Also, 51,149 subscribed common shares have been issued (nil for the nine-month period ended May 31, 2019).

b) Stock options

The changes in the number of stock options granted by the Company and their weighted-average exercise prices, for the nine-month periods ended May 31, 2020 and 2019, are as follows:

	Nine-month period ended May 31, 2020		Nine-month period ended May 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – beginning of year	7,004,000	1.04	5,695,000	1.10
Granted	1,175,000	0.75	2,556,000	0.81
Exercised	(100,000)	0.72	(211,500)	0.60
Cancelled	(1,150,375)	0.93	(538,250)	1.08
Expired	(242,875)	0.80	(599,250)	0.79
Balance – end of period	6,685,750	1.02	6,902,000	1.04

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

	Nine-month period ended May 31, 2020	Nine-month period ended May 31, 2019
Risk-free interest rate	Between 0.45% and 1.67%	Between 1.57% and 2.27%
Volatility	Between 46.43% and 64.05%	Between 46.15% and 56.05%
Dividend yield on shares	Nil	Nil
Expected life	0 to 5 years	0 to 5 years
Weighted share price	\$0.75	\$0.81
Weighted fair value per option at the grant date	\$0.27	\$0.30

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

Opsens Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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7. 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		Nine-month periods ended	
	May 31,		May 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net earnings (loss) attributable to shareholders				
Basic and diluted	51,615	(1,052,646)	(3,201,316)	(334,165)
Number of shares				
Basic weighted average number of shares outstanding	90,280,317	90,017,143	90,275,572	89,970,084
Diluted weighted average number of shares outstanding	90,326,453	90,017,143	90,275,572	89,970,084
Amount per share				
Basic and diluted net earnings (loss) per share	0.00	(0.01)	(0.04)	(0.00)

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		Nine-month periods ended	
	May 31,		May 31,	
	2020	2019	2020	2019
Stock options	6,233,875	4,036,500	5,708,252	4,496,500

For the three-month period ended May 31, 2020, the dilutive effect is about 46,136 units for stock options for which their exercise price is lesser than the average market price of common shares. For the three-month period ended May 31, 2019 and the nine-month periods ended May 31, 2020 and 2019, 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.

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

	Three-month periods ended		Nine-month periods ended	
	May 31,		May 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Changes in non-cash operating working capital items</i>				
Trade and other receivables	776,186	331,323	819,659	(1,476,398)
Government assistance receivable	(800,754)	-	(800,754)	-
Tax credits receivable	292,024	281,833	207,866	169,884
Inventories	(1,456,481)	(675,177)	(1,058,552)	79,319
Prepaid expenses	9,286	91,710	(270,592)	(171,016)
Accounts payable and accrued liabilities	208,759	929,955	(612,161)	1,312,266
Warranty provision	(32,014)	(44,123)	(27,811)	(49,011)
Deferred revenues	(19,857)	119,148	-	77,479
Deferred lease inducements	-	(24,040)	-	(71,523)
	(1,022,851)	1,010,629	(1,742,345)	(129,000)
<i>Supplementary information</i>				
Unpaid acquisition of property, plant and equipment	18,951	15,257	18,951	15,257
Unpaid additions to intangible assets	52,304	-	52,304	-
			As at May 31, 2020	As at August 31, 2019
			\$	\$
<i>Cash and cash equivalents</i>				
Cash			847,950	1,275,252
Short-term investments			9,122,634	13,580,730
			9,970,584	14,855,982

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9. 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:

	Nine-month periods ended May 31,	
	2020	2019
	\$	\$
Balance – beginning of year	134,460	137,420
Additional provision recognized	23,500	62,000
Unused amount reversed during the period	-	(16,000)
Amount used during the period	(51,311)	(95,011)
Balance – end of period	106,649	88,409

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

10. Government assistance receivable

The global economy has significantly changed with the spread of COVID-19 virus. This situation was declared on March 11, 2020, as a pandemic by the World Health Organization (WHO) and has led many governments to adopt exceptional measures like the implementation of the Canada Emergency Wage Subsidy (CEWS). During the three-month period and the nine-month period ended May 31, 2020, the Company recorded a non-refundable contribution under the CEWS program for an amount of \$800,754 (nil for the three-month period and the nine-month period ended May 31, 2019).

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11. Segmented Information

Segmented Information

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

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

Industrial segment: in this segment, Opsens' develops, manufactures and installs innovative fibre optic sensing solutions for critical and demanding industrial applications.

The principal factors employed in the identification of the two segments reflected in this note include the Company's organizational structure, the nature of the reporting lines to the President and Chief Executive Officer and the structure of internal reporting documentation such as management accounts and budgets.

The same accounting policies are used for both reportable segments. Operations are carried out in the normal course of business and are measured at the exchange amount, which approximates prevailing prices in the markets.

	Three-month period ended May 31, 2020			Three-month period ended May 31, 2019		
	Medical	Industrial	Total	Medical	Industrial	Total
	\$	\$	\$	\$	\$	\$
External sales	6,124,237	506,180	6,630,417	7,491,390	371,369	7,862,759
Internal sales	-	13,643	13,643	-	5,483	5,483
Gross margin	3,398,525	245,724	3,644,249	4,362,401	161,180	4,523,581
Depreciation of property, plant and equipment and right-of-use assets	328,139	67,387	395,526	186,078	10,750	196,828
Amortisation of intangible assets	46,127	1,899	48,026	18,571	3,792	22,363
Other income	657,094	143,660	800,754	-	-	-
Financial expenses (income)	(30,592)	74,509	43,917	(44,381)	73,946	29,565
Net earnings (loss)	103,030	(51,415)	51,615	(780,276)	(272,370)	(1,052,646)
Acquisition of property, plant and equipment	160,733	-	160,733	120,575	4,822	125,397
Additions to intangible assets	200,616	27,120	227,736	230,004	-	230,004
Segment assets	29,318,370	2,206,203	31,524,573	29,579,590	1,740,695	31,320,285
Segment liabilities	16,332,401	481,607	16,814,008	11,991,711	494,046	12,485,757

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Nine-month periods ended May 31, 2020 and 2019

(unaudited)

11. Segmented Information (continued)

	Nine-month period ended May 31, 2020			Nine-month period ended May 31, 2019		
	Medical	Industrial	Total	Medical	Industrial	Total
	\$	\$	\$	\$	\$	\$
External sales	19,935,575	1,941,494	21,877,069	23,212,411	1,671,972	24,884,383
Internal sales	-	57,388	57,388	-	56,834	56,834
Gross margin	10,638,622	1,163,946	11,802,568	13,709,755	1,012,552	14,722,307
Depreciation of property, plant and equipment and right-of-use assets	968,052	193,533	1,161,585	560,459	36,590	597,049
Amortisation of intangible assets	86,676	9,087	95,763	54,783	11,280	66,063
Other income	657,094	143,660	800,754	-	-	-
Financial expenses (income)	94,873	233,564	328,437	(208,929)	205,688	(3,241)
Net loss	(3,110,584)	(90,732)	(3,201,316)	(50,078)	(284,087)	(334,165)
Acquisition of property, plant and equipment	645,686	28,748	674,434	454,332	43,150	497,482
Additions to intangible assets	536,977	35,895	572,872	298,924	5,375	304,299
Segment assets	29,318,370	2,206,203	31,524,573	29,579,590	1,740,695	31,320,285
Segment liabilities	16,332,401	481,607	16,814,008	11,991,711	494,046	12,485,757

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11. Segmented Information (continued)

Information by geographic segment

	Three-month periods ended		Nine-month periods ended	
	May 31,		May 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenue by geographic segment				
United States	2,260,691	3,202,265	8,409,666	11,129,375
Japan	1,934,165	2,320,851	5,048,412	7,839,858
Canada	559,732	689,397	1,917,404	1,708,588
Other*	1,875,829	1,650,246	6,501,587	4,206,562
	6,630,417	7,862,759	21,877,069	24,884,383

* 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 May 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. 29% (31% for the three-month period ended May 31, 2019) and 22% (23% for the three-month period ended May 31, 2019).

During the nine-month period ended May 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% (36% for the nine-month period ended May 31, 2019) and 23% (19% for the nine-month period ended May 31, 2019).

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Notes to the Condensed Consolidated Interim Financial Statements

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12. Related Party Transactions

Key management personnel, having authority and responsibility for planning, directing and controlling the activities of the Company, comprise the Chief Executive Officer, the Executive Chairman, the Chief Financial Officer and the President of Opsens Solutions Inc. Compensation of key management personnel and directors during the three-month and the nine-month periods ended May 31, 2020 and 2019 were as follows:

	Three-month periods ended May 31,		Nine-month periods ended May 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Short-term salaries and other benefits	258,416	244,976	792,990	673,564
Option-based awards	29,736	74,203	130,844	95,905
	288,152	319,179	923,834	769,469

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

13. 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 July 14, 2020.