OpSens

ANNUAL REPORT
2017

Opsens focuses on the measure of Fractional Flow Reserve ("FFR") in interventional cardiology. 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.

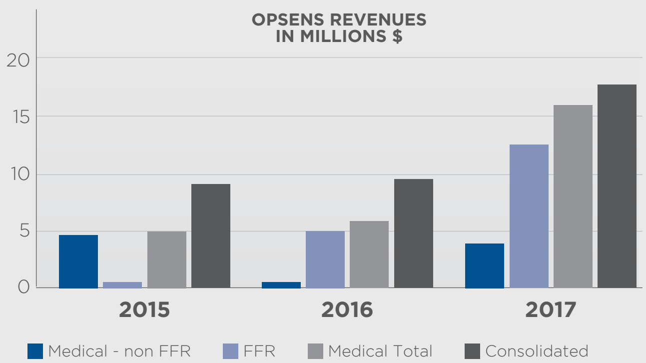
Mission - Opsens delivers forward thinking technologies and products to support cardiologists and other physicians to improve outcomes for patients. By doing so, we deliver value to our shareholders, our employees, and our community.

FFR – Cornerstone for Opsens' growth

- Product performance recognized by key opinion leaders
- Product approved for sale in key markets
- Growing markets: United States, Europe, Japan and Canada
- Sales channels in more than 30 countries
- Building of clinical data
- 30,000 cases performed
- Continuous improvement of production processes

Opsens - Creating value

Opsens FFR products are gaining recognition in interventional cardiology. In the coming years, Opsens aims to create value for its shareholders by gaining market share and accumulating clinical data, while capitalizing on its innovation capabilities.



FFR Market

Since 2009, the FFR market has been driven by studies that demonstrate the benefits of basing diagnostic and treatment of coronary artery disease on reliable FFR measurement. Cardiologists, cardiology medical societies, insurance companies and hospitals increasingly recognize the benefits of performing FFR, as it:

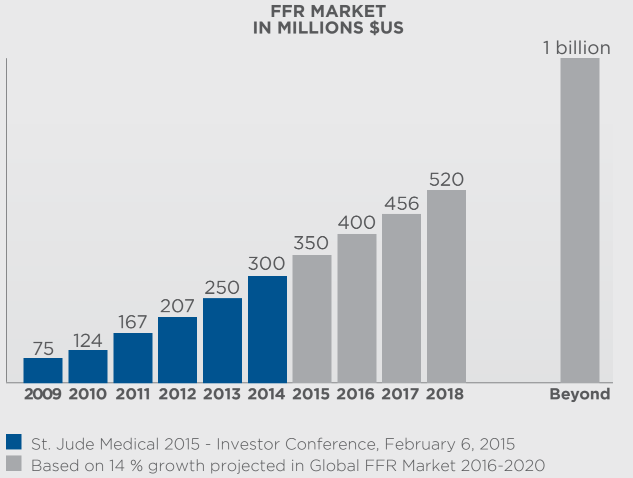
- Facilitates decision making before invasive procedures;
- Improves patient outcomes; and,
- Avoids unnecessary medical procedures.

In 2017, new Appropriate Use Criteria, issued by the American College of Cardiology, provided FFR even more importance by extending its applications, especially for patients with STEMI-type myocardial infarction, who benefit from treatment guided by FFR, as it reduces the incidence of major cardiovascular and cerebrovascular events.

Evidence continues to accumulate in favor of FFR. Growing confidence in this procedure generates demand for easy-to-use, reliable products that can be easily integrated into the workflow.

With better products and other growth factors, industry experts estimate that penetration of the procedure could rise from 15%* to 45%**.

* R. Scott Huennekens, "Volcano NASDAQ Analyst Day" POWERPOINT PRESENTATION p.44 (2013-03-07).
** D. Starks, "St Jude Medical 2013 Investor Conference" p.105 (2013-02-01).



For Your Information

Since October 31, 2017, the Musée de la civilisation of Quebec City, presents Opsens' OptoWire, in a section on life sciences, in the exhibition: From trappers to entrepreneurs. Four centuries of commercial history in Quebec City.

Opsens was invited to present a short movie at the Quebec International Medical Film Festival.

You can see this movie on Opsens' website.

Letter to Shareholders

In 2017, Opsens continued its transformation from a product development company to a company that aggressively markets its products. In this transition, Opsens intends to contribute to the Fractional Flow Reserve («FFR») procedure to improve the quality of diagnostics for patients with coronary artery disease. Opsens' strategic plan aims to position the company as a leader in FFR in interventional cardiology to ultimately create value for its shareholders.

Improved Confidence in the FFR Procedure

In the United States, Appropriate Use Criteria are intended to guide the actions of cardiologists in the treatment of patients. Recently, a new version of these criteria was published where FFR is recommended in broader applications for the diagnosis of patients with coronary artery disease. This enhancement of the criteria should favor and even accelerate the growth of the FFR market in the United States and elsewhere in the world.

Positioning the OptoWire

The performance of the OptoWire in catheterization laboratories continued to impress this year. Among other things, clinical data on the accuracy of the OptoWire over lengthy procedures has been published in Japan. The OptoWire is positioned in the market as a workhorse-type guidewire to perform FFR from start to finish using a single guidewire, while retaining reliable measurement.

In 2018, Opsens intends to continue research and development efforts, including the launch of new product versions and the production of additional clinical data on the use of the OptoWire.

Financial Performance and Marketing

Expansion of the sales team and distribution network in more than 30 countries resulted in a 138% revenue growth in FFR sales, to $12.4 million in 2017. This growth was generated by gains of market shares for the territories of Japan, Europe and Canada. In the United States, the contribution to revenue growth will be more pronounced in 2018 and beyond.

With great expectations in future years and an equity financing of $15 million, the Company registered its shares on the TSX, the largest market for securities trading in Canada.

These commercial and corporate advances provide a solid foundation for the execution of the company's business plan.

Optimization of Production Activities

Starting up a large-scale medical production is a challenge. In 2017, Opsens made significant progress in terms of efficiency and effectiveness. With a more experienced production team and the launch of a new version of the OptoWire, Opsens should continue to reduce its production costs to improve its competitiveness and gross margin.

Industrial Sector

High-potential opportunities are identified for our high-precision optical measurement solutions. Despite delays in the development of the industrial sector, we are confident that we will show growth in this operational unit in 2018.

Perspectives

In 2018, with more than 30,000 utilizations of the OptoWire, we are making progress in the FFR market from a commercial, clinical and financial performance perspective to create shareholder value.

I thank shareholders for their patience in the deployment of our strategy. I also thank the customers, employees, administrators, suppliers and partners for their support in the development of Opsens.

In closing, we hope to meet with you at the shareholders' annual meeting, which will be held at the company's head office in January 2018.

Louis Laflamme
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED AUGUST 31, 2017

The following comments are intended to provide a review and analysis of the results of operations, financial condition and cash flows of Opsens Inc. for the fourth quarter and year ended August 31, 2017 in comparison with the corresponding periods ended August 31, 2016. In this Management's Discussion and Analysis ("MD&A"), "Opsens", "the Company", "we", "us" and "our" mean Opsens Inc. and its subsidiary. This discussion should be read and interpreted in conjunction with the information contained in our annual consolidated financial statements for the years ended August 31, 2017 and 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This document was prepared on November 14, 2017. 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 information currently available to it, but cautions the reader that these assumptions regarding future events, many of which are beyond its control, may ultimately prove to be incorrect since they are subject to risks and uncertainties that affect the Company and its business. The forward-looking information set forth therein reflects the Company's expectations as of November 14, 2017 and is subject to change after such 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.

OVERVIEW

Opsens focuses mainly on the measure of Fractional Flow Reserve ("FFR") in interventional cardiology. 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 applications such as the monitoring of oil wells and other demanding industrial applications.

In the interventional cardiology field, during fiscal 2015, Opsens initiated a limited market release of its OptoWire and OptoMonitor. OptoWire provides cardiologists with a guidewire that offers optimal performance to navigate in coronary arteries and cross blockages with ease, while measuring intracoronary blood pressure. This procedure is called measurement of FFR. According to management and industry sources[(1)], the FFR market is estimated at approximately US$450 million in 2017 and should exceed US$1 billion annually in the medium term.

During fiscal 2015, Opsens received approval to commercialize the OptoWire I and OptoMonitor in the U.S., Europe, Japan and Canada. These combined markets represent approximately 85% of the total market worldwide for FFR products.

(1) Opsens FFR Market Calculations based on **R. Scott Huennekens, "Volcano's CEO Hosts NASDAQ Analyst Day" *TRANSCRIPT* p.5 *(2013-03-7)***, JOHN T. DAHLDORF, "Volcano's Annual Report 2012" and St. Jude Medical 2015 – Investors Conference , February 6, 2015.

On March 16, 2016, Opsens announced receipt of the 510(k) clearance from the U.S. Food and Drug Administration (FDA) for the OptoWire II. This major regulatory milestone allows the Company to commercialize its optical guidewire in the U.S., the largest market in the world for these types of products and expanded regulatory clearance for the OptoWire II to the U.S. from previous clearances in Europe and Japan. On June 22, 2016, the Company announced the receipt of Health Canada's approval to sell the OptoWire II in Canada.

The OptoWire continues to draw positive comments from cardiology experts around the world. An article published in August 2016 from the «*Circulation Journal*» highlighted the performance of the OptoWire. More specifically, the article highlighted the fact that traditional FFR guidewires showed measurement drift, despite major efforts to minimize it. The occurrence of drift is a significant problem that can occur and often goes unnoticed before the wire is removed from the patient. If drift is present, it may invalidate the measurement. The authors stated they used approximately 100 OptoWire in the past year and they have not observed any drift in any of the OptoWire up to now.

Subsequent to approvals received to commercialize the OptoWire II, the number of orders have increased. In addition, many account conversions in Canada, in Europe and in Japan have materialized recently. Opsens also began its limited market release in the U.S. These recent developments enable Opsens to compete in the growing FFR market.

In Canada, Opsens has been executing its market release with its direct sales force following the successful completion of a clinical registry involving 60 patients. The objective of the registry was to evaluate the ease of use, functionality and security of Opsens' OptoWire and OptoMonitor in patients with ischemic coronary artery disease who were referred for diagnostic angiography.

Opsens continued to expand its sales channels during the year ended August 31, 2017. Opsens is currently present, with its sales channels in the U.S., in more than 30 countries in Europe, in Middle East, in Canada and in Japan. To support revenue growth with increased production capacity, Opsens moved its medical devices business into a new location in Quebec City (Canada).

In March 2017, the Appropriate Use Criteria ("AUC") for stable ischemic heart disease was updated to emphasize FFR's growing use and importance. The intent of AUC is to provide a framework to evaluate overall clinical practice patterns and improve quality of care. The conclusions of the updated AUC is that there is a significant increase in the recognition of the role and value of FFR in classification, which should be helpful for the usage of FFR. Payers, including Medicare, have used the AUC's to help formulate their criteria of reimbursement.

The OptoWire' performance was highlighted in several occasions throughout the year and more recently in *Cardiovascular Intervention and Therapeutics*. According to the results obtained with 90 OptoWire units, it may be reasonable to use Opsens' guidewire as a workhorse-type guidewire in percutaneous coronary interventions.

In the industrial sector, Opsens' technology, expertise and products can serve several markets including aerospace, geotechnical, infrastructures, oil and gas, mining, laboratories and others. For example, for the monitoring of the integrity of structures ("SHM" for Structural Health Monitoring), qualitative and non-continuous methods have long been used to assess the structures and their ability to perform their function. In the past 10 to 15 years, SHM technologies have emerged, creating new exciting fields within the different branches of engineering. SHM is widely applied to various types of infrastructures and represents solid growth opportunities considering that many countries are entering periods of pent up demand for the construction of various infrastructures ranging from bridges to skyscrapers.

As for the oil and gas market, Opsens, through a distributor, provides fiber optic sensor systems that provide reliable real-time pressure and temperature measurements at the bottom of the wells. This information is critical during operations such as Steam Assisted Gravity Drainage ("SAGD"), a process that recovers bitumen from oil sands.

Opsens' broad portfolio of products and technologies can be adapted to measure various parameters in the most harsh conditions and provide significant advantages in terms of production optimization and reduced risk to the environment and health.

Opsens holds 10 patents and 3 pending patents to protect its medical and industrial businesses.

FFR MARKET OPPORTUNITY

For the FFR market, Opsens has developed the OptoWire and OptoMonitor, instruments that assess the significance of arterial narrowing (stenosis) resulting from coronary heart disease. Coronary artery disease is a leading cause of death in the developed world and the cost related to the management and treatment of this disease is a significant burden to society. In recent years, the prevalence of coronary heart disease has increased at a rapid pace. According to the American Heart Association ("AHA"), the number of Americans who undergo surgery or cardiovascular operations or procedures has increased to about 7.6 million patients in 2010. Based on health data compiled from over 190 countries, heart disease remains the No. 1 global cause of death with 17.3 million deaths annually based on a report from the AHA "Heart Disease and Stroke Statistics – 2015 Update". That number is expected to rise to more than 23.6 million by 2030.

The benefits of FFR were demonstrated in various clinical studies such as FAME I and FAME II published respectively in 2009 and 2012 in the New England Journal of Medicine. The FAME I study showed that FFR-guided treatment rather than 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. In 2011, the American College of Cardiology Foundation and the AHA established a class IIA recommendation for the use of FFR during angiography, meaning that the proposed procedure or treatment is beneficial, useful and effective. These developments have contributed to the growth of the market. According to management and industry sources' estimates, the global FFR market reaches approximately US$450 million in 2017 and should exceed US$1 billion annually in the medium term.

INDUSTRIAL MARKET OPPORTUNITY

Structural Health Monitoring market: the opportunities in this market are related principally to strain, load and displacement measurements. The applications are found in geotechnical, civil engineering, energy, aerospace and O&G sectors. New industrial versions of the strain sensor like the optical foil gauge and the CoreSens system are the main flagship products for these applications.

Pressure Monitoring Solution market: the opportunities in this market are principally related to absolute and differential pressure measurements. The measure of the pressure is found in many industrial applications of the energy, geotechnical, oil and gas and aerospace sectors. New industrial versions of the pressure sensor and the recent addition of a differential pressure sensor are the main flagship products for these applications.

Traditional Niche Applications market: include niche applications in which Opsens is currently involved like the electro explosive device (EED) application. It also includes applications such as SAGD in Western Canada and laboratories applications (special projects and custom products).

BUSINESS STRATEGY

Opsens' growth strategy is to become a key player in the interventional cardiology market by focusing on the FFR procedure where its products and technologies have competitive advantages. The Company also aims to capitalize on its technologies and products in industrial markets.

The Company's FFR growth strategy will be executed by:

- Gaining market shares in the fast-growing FFR market. In fiscal 2015, for the first time, Opsens has generated revenues from its FFR offering in the limited market release phase. In the last two years, Opsens expanded its sales activities in several markets, which translated in solid revenue growth. Management believes that FFR is used in over 15% of PCI, but industry analysts suggest that up to 45% of PCI could advantageously be combined with FFR(2). Management is pursuing a comprehensive market development strategy that highlights the features and distinctive capabilities of the OptoWire and exceed marketing requirements to gain market share from competitors and contribute to the expansion of the FFR market. Initially, marketing efforts are focused on the Japanese, U.S., European and Canadian markets.

- Investing in innovation to enhance the existing applications of the Company's technology. The Company's commitment to innovation has been a major driving force behind its success. Opsens is constantly working to improve its intellectual property portfolio and customer value proposition. In the FFR market, OptoWire is designed to provide:
  - Improved mechanical performance from key design attributes and product specifications such as torquability and steerability;
  - Improved measurement reliability and fidelity from OptoWire's no drift(3) sensing technology, which is essential to the decision-making process of cardiologists; competing FFR sensing technologies have higher drift levels;
  - Improved connectivity, as OptoWire's connection and measurement accuracy is unaffected by blood contamination and the guidewire can be reconnected easily without compromising measurement accuracy.

- Developing new applications for the Company's medical technology. Opsens plans to leverage its technologies and knowledge in the medical devices field to expand into new markets and increase clinical applications. As the Company pursues opportunities in these new markets, it plans to develop new FFR or other measurement methods products and explore product development and marketing partnerships with other leading companies in the sector.

- Expanding and investing in FFR-focused sales force and distribution channels.
  - **Distribution agreements:** Opsens has signed distribution agreements in more than thirty countries in Europe and Asia. These agreements enable Opsens to expand its market penetration worldwide. Although the distribution agreements in place cover the most important potential markets.
  - **Sales force:** Opsens plans on expanding its sales force through hiring additional sales personnel for FFR product commercialization. Sales force expansion will aim to increase Opsens' marketing and sales market penetration in the United States and in Canada.

(2) D. STARKS, "St Jude Medical 2013 Investor Conference" p.105 (2013-02-01); R. Scott Huennekens, "Volcano NASDAQ Analyst Day" POWERPOINT PRESENTATION p.44 (2013-03-07).

(3) Per 60601-2-34 ed3

The Company's growth strategy in the Industrial sector will be achieved by:

- Investing in innovation to enhance applications for the Company's technologies. The Company's industrial line of fiber optic sensors offers unique advantages over traditional sensors in many industries. For example, traditional sensors need to be shielded and grounded for their safe operation in aircrafts and spaceships. The use of composite materials in the newly developed versions of these flying structures have seriously reduced the natural shielding and grounding capacity provided by the older metallic version of these structures. The Company's fiber optic strain and pressure sensors received attention from major players in the aerospace industry because they do not require any shielding or grounding and also because of their ease of deployment.

NON-IFRS FINANCIAL MEASURE - EBITDACO

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

Reconciliation of EBITDACO to net loss

(In thousands of Canadian dollars)	Year Ended August 31, 2017	Year Ended August 31, 2016	Year Ended August 31, 2015
	$	$	$
Net loss	(6,537)	(9,282)	(2,884)
Current income tax expense	-	-	340
Financial expenses (revenues)	(7)	57	(1)
Depreciation of property, plant and equipment	699	549	385
Amortization of intangible assets	90	73	62
Change in fair value of embedded derivative	164	732	73
Impairment of assets	-	-	796
EBITDAC	(5,591)	(7,871)	(1,229)
Stock-based compensation costs	864	451	317
EBITDACO	(4,727)	(7,420)	(912)

The positive variance of EBITDACO for fiscal 2017 when compared with last year is explained by increase revenues in the medical sector and by licensing revenue of $1,007,750 (US$750,000) for a technical milestone payment related to Abiomed agreement. This was partly offset by lower sales in the industrial sector and by higher sales and marketing and research and development expenses as explained further below. Also, allowance for doubtful account recorded in the industrial sector negatively impacted EBITDACO.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Year Ended August 31, 2017	Year Ended August 31, 2016	Year Ended August 31, 2015
	$	$	$
Revenues			
Sales	16,378	9,234	4,841
Distribution rights	-	-	3,458
Licensing	1,374	367	366
	17,752	9,601	8,665
Cost of sales	10,252	7,970	3,921
Gross margin	7,500	1,631	4,744
Gross margin percentage	42%	17%	55%
Expenses (incomes)			
Administrative expenses	3,774	3,685	2,616
Sales and marketing expenses	6,975	3,694	1,501
R&D expenses	3,131	2,744	2,303
Financial expenses (revenues)	(7)	57	(1)
Change in fair value of embedded derivative	164	733	73
Impairment of assets	-	-	796
	14,037	10,913	7,288
Loss before income taxes	(6,537)	(9,282)	(2,544)
Current income tax expense	-	-	340
Net loss and comprehensive loss	(6,537)	(9,282)	(2,884)
Net loss per share - Basic and diluted	(0.08)	(0.14)	(0.05)

Revenues

The Company reported revenues of $17,752,000 for the year ended August 31, 2017 compared with revenues of $9,601,000 for the comparative period in 2016, an increase of $8,151,000 or 85%.

Revenues in the medical sector totalled $16,269,000 for the year ended August 31, 2017 compared with revenues of $6,429,000 for the same period in 2016. The increase in medical sector revenues is explained by a higher number of OptoWire shipped when compared to the same period last year. FFR revenues totalled $12,351,000 for the year ended August 31, 2017, an increase of $7,109,000 over the $5,242,000 reported for the same period last year. The increase in revenues in the medical sector is also explained by higher other medical revenues of $1,723,000 mainly related by Abiomed agreement. The increase in revenues in the medical sector is also explained by the recognition of non-recurring revenues of $1,007,750 (US$750,000) for the achievement of a technical milestone of the Abiomed agreement.

Revenues in the industrial sector totalled $1,483,000 for the year ended August 31, 2017 compared with revenues of $3,172,000 for the same period in 2016. This decrease is mostly explained by lower revenues related to the oil and gas product line.

Market acceptance of FFR and of industrial fiber optic sensors is increasing in the Company's potential markets. However, some industries, such as oil and gas, are experiencing challenging economic conditions. On September 22, 2016, the Company announced a partnership with Precise Downhole Services Ltd. ("Precise") for the commercialization of its product line dedicated to the Canadian oil and gas market. As part of the agreement, Opsens appointed Precise as exclusive distributors for the OPP-W sensor product line in the Canadian territory.

For the year ended August 31, 2017 and August 31, 2016, pricing fluctuations did not have a significant impact on revenues.

Given that a proportion of the Company's revenues is generated in U.S. dollars, Euros and British Pounds, fluctuations in the exchange rate affect revenues and net loss. For the year ended August 31, 2017, sales were negatively affected by $143,000.

As of August 31, 2017, Opsens' total backlog of orders amounted to $5,608,000 ($1,295,000 as at August 31, 2016). Significant efforts are being made to increase the backlog and expand the customer base. In addition, the Company will benefit from increase revenues in the medical sector.

Gross margin

Information and analysis in this section do not take into consideration licensing revenues arising from the Abiomed agreement ($1,374,000 for the year ended August 31, 2017 and 367,000 for the year ended 2016, respectively).

Gross margin was $6,126,000 for the year ended August 31, 2017 compared with $1,263,000 for the same period last year. The gross margin percentage increased from 14% for the year ended August 31, 2016 to 37% for the year ended August 31, 2017. The increase in gross margin is mainly explained by higher revenues from our FFR and other medical products line as explained previously. The increase in gross margin percentage reflects higher sales volume and the related benefits of scale combined with enhanced productivity. This was partly offset by the recognition of an allowance for obsolete inventory of $157,000.

Administrative expenses

Administrative expenses were $3,774,000 and $3,685,000, respectively, for the year ended August 31, 2017 and 2016. The increase is mainly explained by higher professional fees related to the graduation of the Company on the TSX. This was partly offset by lower rental fees because last year the Company had to assume two rental facilities for its medical activities.

Sales and marketing expenses

Sales and marketing expenses totalled $6,975,000 for the year ended August 31, 2017, an increase of $3,281,000 over the $3,694,000 reported during the same period in 2016. The increase is largely explained by higher headcount, commissions, tradeshows, travelling, subcontractors and stock-based compensation expenses when compared with last year due to the expansion of Opsens' sales channel for its FFR products.

Research and development expenses

Research and development expenses totalled $3,131,000 for the year ended August 31, 2017, an increase of $387,000 over the $2,744,000 reported during the same period in 2016. The variation is mainly explained by higher salaries and fringe benefits for our FFR activities, by higher supplies expenses and by higher stock-based compensation expenses.

Financial expenses (revenues)

Financial revenues reached $7,000 for the year ended August 31, 2017 compared with financial expenses of $57,000 for the same period in 2016. The increase in financial revenues is explained by higher interest revenues of $73,000. This was partly offset by an increase in interest on long-term debt of $21,000.

Change in fair value of embedded derivative

The change in fair value of embedded derivative comes from the variance of the fair market value of the conversion option component of the convertible debenture. The convertible debenture contains a cash settlement feature, which under IAS 32, "Financial Instruments: Presentation", is accounted for as a compound instrument with a debt component and a separate embedded derivative representing the conversion option. Both the debt and embedded derivative components of this compound financial instrument are measured at fair value on initial recognition. The debt component is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date with gains and losses in fair value recognized through profit or loss. During the year ended August 31, 2017, an expense of $164,000 ($733,000 for the year ended August 31, 2016) was recorded in the consolidated statements of loss and comprehensive loss.

Net loss

As a result of the foregoing, net loss for the year ended August 31, 2017 was $6,537,000 compared with $9,282,000 for the same period in 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

(In thousands of Canadian dollars)	**As at August 31, 2017**	**As at August 31, 2016**	**As at August 31, 2015**
	$	**$**	**$**
Current assets	23,607	12,570	11,077
Total assets	27,610	16,861	12,763
Current liabilities	7,698	3,067	2,584
Long-term liabilities	1,947	6,482	4,286
Shareholders' equity	17,965	7,312	5,893

Total assets as at August 31, 2017 were $27,610,000 compared with $16,861,000 as at August 31, 2016. The increase is mainly related to higher cash and cash equivalents of $6,667,000 explained by the closing of an equity financing of $14,950,500 in December 2016, by higher trade and other receivables of $2,238,000 and by higher inventory of $1,390,000 explained by an increase of the medical sector revenues.

Current liabilities totalled $7,698,000 as at August 31, 2017 compared with $3,067,000 as at August 31, 2016. The increase is mainly explained by the reclassification of the convertible debenture amounting to $3,853,000 in the current portion of liabilities because its maturity is now less than twelve months. Also, the increase is explained by higher accounts payable and accrued liabilities of $868,000 related to the increase in production of FFR products.

Long-term liabilities totalled $1,947,000 as at August 31, 2017 compared with $6,482,000 as at August 31, 2016, a decrease of $4,535,000. The decrease is mainly explained by the reclassification of the convertible debenture in the current portion of liabilities as discussed previously.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

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

(Unaudited, in thousands of Canadian dollars, except for information per share)	**Three-month period ended August 31, 2017**	**Three-month period ended May 31, 2017**	**Three-month period ended February 28, 2017**	**Three-month period ended November 30, 2016**
	$	**$**	**$**	**$**
Revenues	4,307	4,892	4,808	3,745
Net loss for the period	(1,153)	(1,842)	(1,001)	(2,541)
Net loss per share – Basic and diluted	(0.02)	(0.02)	(0.01)	(0.03)

(Unaudited, in thousands of Canadian dollars, except for information per share)	**Three-month period ended August 31, 2016**	**Three-month period ended May 31, 2016**	**Three-month period ended February 29, 2016**	**Three-month period ended November 30, 2015**
	$	**$**	**$**	**$**
Revenues	3,024	2,125	2,741	1,711
Net loss for the period	(3,025)	(3,076)	(1,523)	(1,658)
Net loss per share – Basic and diluted	(0.04)	(0.05)	(0.02)	(0.03)

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

LIQUIDITY AND CAPITAL RESOURCES

As of August 31, 2017, the Company had cash and cash equivalents of $12,570,000 compared with $5,903,000 as of August 31, 2016. Of this amount as of August 31, 2017, $11,776,000 was invested in highly liquid, safe investments. As of August 31, 2017, Opsens had a working capital of $15,909,000, compared with $9,503,000 as of August 31, 2016.

On December 8, 2016, the Company completed a public offering for aggregate gross proceeds of $14,950,500. In connection with the offering, the Company issued a total of 9,967,000 shares at a price of $1.50 per share.

Expenses of the offering include underwriting fees of $889,530 and other professional fees and miscellaneous fees of $305,403 for total fees of $1,194,933.

The company intend the use of proceeds from the equity financing as follow:

(In thousands of Canadian dollars)	**Use of funds as planned**	**Over-Allotment**	**Funds available to Opsens from equity financing**	**Actual use of funds as at August, 2017**	**Funds remaining to be used**
	$	**$**	**$**	**$**	**$**
Net proceeds from the issue, including the over-allotment option	11,870,470	1,885,097	13,755,567	6,702,487	7,053,080
Use of proceeds					
Sales and Marketing	7,869,970	1,885,097	9,755,067	4,574,615	5,180,452
Research and Development					
Production of clinical data	920,000	-	920,000	-	920,000
Further the development of Opsens' FFR technology	2,360,000	-	2,360,000	1,407,372	952,628
Working capital	720,500	-	720,500	720,500	-
Total use of proceeds	11,870,470	1,885,097	13,755,567	6,702,487	7,053,080

There are no main variance between the use of funds planned and actual.

On May 27, 2016, the Company entered into a loan agreement of $836,000, net of transaction costs of $9,000, with Investissement Québec. This loan bears interest at prime rate plus 0.25%, is payable in monthly instalments of $18,750, and will be maturing in May 2020. This loan is secured by a movable hypothec on the Company's assets. Under this loan agreement, the Company is subject to certain covenants with respect to maintaining certain financial ratios, which were met as of the date of this MD&A. On March 7, 2017, the Company received the final disbursement of the loan amounting to $55,000.

On May 16, 2016, the Company completed a non-brokered private placement offering for aggregate gross proceeds of $4,999,050. In connection with the offering, the Company issued a total of 4,761,000 units at a price of $1.05 per unit. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.55 until November 16, 2017.

Expenses of the offering include professional fees and miscellaneous fees for total fees of $102,563.

On May 20, 2016, the Company received an amount of $894,000 from the landlord in accordance with the long-term lease signed by the Company to relocate its medical activities. This amount is presented in the balance sheet under the caption “Deferred lease inducements”.

On April 18, 2016, the Company entered into a loan agreement amounting to $497,500, net of transaction costs of $2,500, with Desjardins. This loan bears interest at prime rate plus 2.0%, is payable in monthly instalments of $10,417, calculated over an amortization period of forty-eight (48) months and will be maturing in April 2018. This loan is secured by a movable hypothec on the Company’s assets. Under this loan agreement, the Company is subject to certain covenants with respect to maintaining certain financial ratios, which were met as of the date of this MD&A.

Under an agreement entered into with Canada Economic Development (“CED”), the Company may receive a refundable contribution of a maximum amount of $200,000, non-interest bearing, to cover expenses related to the commercialization of its OptoWire product for the FFR market. This contribution is paid out based on presentation by the Company of invoices related to specific expenses since May 22, 2015. On April 1, 2016, the Company received an amount of $65,000 of which $28,000 was recognized against administrative and sales and marketing expenses. On March 29, 2017, the Company received the final disbursement of the contribution amounting to $135,000 of which $48,000 was recognized against administrative and sales and marketing expenses.

On December 22, 2015, the Company completed a public offering for aggregate gross proceeds of $5,000,000. In connection with the offering, the Company issued a total of 5,681,819 units at a price of $0.88 per unit. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.20 until June 22, 2017.

Expenses of the offering include underwriting fees of $276,202 and other professional fees and miscellaneous fees of $323,713 for total fees of $599,915.

The Company also issued 313,886 broker warrants as additional compensation, each warrant entitling the holder to purchase one common share of the Corporation at a price of $0.88 until June 22, 2017.

Concurrently with the public offering, the Company completed a non-brokered private placement offering of 184,400 units at a price of $0.88 per unit for aggregate gross proceeds of $162,272. Each unit comprises the same terms and conditions than the units issued under the public offering. Expenses related to the private placement amount to $10,083.

The Company has an authorized line of credit for a maximum amount of $200,000, $50,000 of which is available at all times and does not take into consideration the margining. When using the line of credit in an amount varying from $50,000 and $100,000, the available credit is limited to an amount that is equal to 75% of Canadian accounts receivable and 65% of foreign accounts receivable plus 50% of inventories of raw materials and finished goods. If the amount used exceeds $100,000, the credit available is limited to an amount equal to 75% of Canadian accounts receivable and 90% of insured foreign accounts receivable plus 50% of inventories of raw materials and finished goods. This line of credit bears interest at the financial institution’s prime rate plus 2% and is repayable on a weekly basis by $5,000 tranches. It is secured by a first-rank movable hypothec for an amount of $750,000 on the universality of receivables and inventories.

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 and/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 position will largely depend on the rate of revenue growth in upcoming quarters.

SUMMARY OF CASH FLOWS

(In thousands of Canadian dollars)	Year Ended August 31, 2017	Year Ended August 31, 2016
	$	$
Operating activities	(8,777)	(9,496)
Investing activities	(430)	(3,120)
Financing activities	15,888	11,284
Effect of foreign exchange rate changes on cash and cash equivalent	(14)	31
Net change in cash and cash equivalents	6,667	(1,301)

Operating activities

Cash flows used by our operating activities for the year ended August 31, 2017 were $8,777,000 compared with $9,496,000 for the same period last year. The decrease in the cash flows used by our operating activities is mainly explained by a positive variance of EBITDACO as explained previously. This is partly offset by a negative variance in changes in non-cash operating working capital items mostly related to trade and other receivables.

Investing activities

For the year ended August 31, 2017, cash flows used by our investing activities reached $430,000 compared to $3,120,000 for the year ended August 31, 2016. The decrease is mainly explained by the acquisitions of property, plant and equipment related to the relocation in the new facility in 2016.

Financing activities

For the year ended August 31, 2017, cash flows generated by our financing reach $15,888,000 compared to 11,284,000 for the year ended August 31, 2016. The increased is mainly explained by a higher equity financing, partly offset by lower long-term debt issuance.

COMMITMENTS

Leases

The Company leases offices in Québec under operating leases expiring on April 30, 2018 and September 30, 2025. The main agreement is renewable for an additional five-year period.

Future payments for the leases, totalling $4,890,902, required in each of the forthcoming years are as follows:

	$
2018	669,101
2019	555,236
2020	567,747
2021	580,962
2022	593,349
Thereafter	1,924,507

SUBSEQUENT EVENT

On September 1, 2017, the Company achieved a technical milestone related to the agreement with Abiomed and the Company received a payment, amounting to $936,900 (US$750,000) that will be recorded as licensing revenues in the consolidated statements of loss and comprehensive loss for fiscal year 2018.

On September 7, 2017, the Company has signed a loan agreement amounting to a maximum of $216,000 for acquisition of property, plant and equipment.

On September 8, 2017, the Company has signed an agreement amounting to $1,574,734 with a supplier for raw material purchases for the next 24 months.

INFORMATION BY REPORTABLE SEGMENTS

Sector's Information

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

Medical segment: In this segment, Opsens focuses mainly on the measure of FFR in interventional cardiology.

Industrial segment: In this segment, Opsens' develops, manufactures and installs innovative fiber optic sensing solutions for critical applications such as the monitoring of oil wells and other 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 operations and are measured at the exchange amount, which approximates prevailing prices in the markets.

	Years ended August 31,					
			2017			2016
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**16,269,011**	**1,482,985**	**17,751,996**	6,429,256	3,171,561	9,600,817
Internal sales	**-**	**269,505**	**269,505**	-	413,982	413,982
Gross margin	**6,886,549**	**610,992**	**7,497,541**	1,041,707	591,105	1,632,812
Depreciation of property, plant and equipment	**608,453**	**90,163**	**698,616**	443,355	105,875	549,230
Amortization of intangible assets	**75,927**	**14,566**	**90,493**	64,543	8,224	72,767
Financial expenses (revenues)	**(289,936)**	**282,743**	**(7,193)**	(167,106)	223,970	56,864
Change in fair value of embedded derivative	**163,745**	**-**	**163,745**	732,425	-	732,425
Net loss	**(4,879,287)**	**(1,659,988)**	**(6,539,275)**	(7,247,523)	(2,031,912)	(9,279,435)
Acquisition of property, plant and equipment	**490,155**	**9,024**	**499,179**	2,934,675	131,924	3,066,599
Additions to intangible assets	**86,285**	**18,515**	**104,800**	108,264	54,376	162,640
Segment assets	**25,992,083**	**1,617,718**	**27,609,801**	14,281,597	2,579,879	16,861,476
Segment liabilities	**9,487,517**	**156,960**	**9,644,477**	8,973,258	575,795	9,549,053

The Company’s net loss per reportable segments reconciles to its consolidated financial statements as follows:

	Years ended August 31,	
	2017	2016
	$	$
Gross margin per reportable segments	**7,497,541**	1,632,812
Elimination of inter-segment profits	**2,232**	(2,234)
Gross margin	**7,499,773**	1,630,578
Net loss per reportable segments	**(6,539,275)**	(9,279,435)
Elimination of inter-segment profits	**2,232**	(2,234)
Net loss and comprehensive loss	**(6,537,043)**	(9,281,669)

Geographic sector’s information

	Years ended August 31,	
	2017	2015
	$	$
Revenue per geographic sector		
Japan	**6,586,561**	3,521,669
United States	**5,100,077**	1,506,971
Canada	**1,625,567**	2,207,299
Other*	**4,439,791**	2,364,878
	17,751,996	9,600,817

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

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

During the year ended August 31, 2017, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. 40% (medical’s reportable segment) and 17% (medical’s reportable segment).

During the year ended August 31, 2016, revenues from one client represented individually more than 10% of the total revenues of the Company, i.e. approximately 37% (medical’s reportable segment).

Medical segment

For the year ended August 31, 2017, revenues from medical segment were $16,269,000 compared with $6,429,000 for the year ended August 31, 2016, an increase of $9,840,000. The increase is explained by higher FFR revenues of $7,109,000 and by higher other medical revenues of $1,724,000.

Gross margin was $6,887,000 for the year ended August 31, 2017 compared with $1,042,000 for the year ended August 31, 2016, an increase of $5,845,000. The gross margin percentage for the year ended August 31, 2016 was 16% compared to 42% for the year ended August 31, 2017. The increase in gross margin is mainly explained by higher revenues from our FFR products and from other medical revenues products line. The increase in gross margin percentage reflects higher sales volume and the related scale economy combined with enhanced productivity.

Net loss for the medical segment was $4,879,000 for the year ended August 31, 2017 compared with $7,248,000 for the same period last year. The decrease in net loss is mainly explained by higher medical sales, partly offset by higher sales and marketing expenses as explained previously.

Working capital for the medical segment as at August 31, 2017 was $14,675,000 compared with $7,884,000 as at August 31, 2016. The increase of $6,791,000 is mainly explained by higher cash and cash equivalents of $6,737,000 arising from the equity financing completed in December 2016, by higher trade and other receivables of $2,764,000 and by higher inventory of $1,771,000. This is partly offset by a higher level of accounts payable and accrued liabilities of $1,192,000 and by the reclassification of the convertible debenture, amounting to $3,853,000, in current liabilities since its maturity date is less than twelve (12) months.

Industrial segment

For the year ended August 31, 2017, revenues from industrial segment were $1,483,000 compared with $3,172,000 for the year ended August 31, 2016, a decrease of $1,689,000. The decrease is explained by lower revenues related to the oil and gas product line of $1,427,000, a consequence of the difficult economic environment in Alberta, Canada.

Gross margin was $611,000 for the year ended August 31, 2017 compared with $591,000 for the same period in 2016, an increase of $20,000. Gross margin percentage increase from 19% for the year ended August 31, 2016 to 41% for the year ended August 31, 2017. The increase in gross margin percentage is mainly explained by sales of product with higher margin than last year and by lower allowance for obsolete inventory than last year.

Net loss for the industrial segment was $1,660,000 for the year ended August 31, 2017 compared to $2,032,000 for the year ended August 31, 2016. The decrease in net loss is mainly explained by a lower level of administrative and marketing expenses.

Working capital for the industrial segment as at August 31, 2017 was $1,235,000 compared with $1,619,000 as at August 31, 2016. The decrease of $384,000 is mainly explained by lower trade and other receivables of $527,000 and by lower inventory of $384,000. This is partly offset by lower accounts payable and accrued liabilities of $373,000.

FOURTH QUARTER 2017

Revenues

Revenue totalled $4,307,000 for the quarter ended August 31, 2017 compared with $3,025,000 a year earlier. The increase is explained by higher FFR revenues of $666,000 and other medical revenues of $807,000. This was partially offset by a decrease in industrial revenues of $191,000.

Gross margin

Information and analysis in this section do not take into consideration licensing revenues arising from the Abiomed agreement ($92,000 the quarter ended August 31, 2017 and 2016, respectively).

Gross margin was $1,913,000 for the quarter ended August 31, 2017 compared with a negative gross margin of $225,000 for the same period last year, an increase of $2,138,000. The gross margin percentage increased from a negative gross margin percentage of 7% for the three-month period ended August 31, 2016 to 44% for the three-month period ended August 31, 2017. The increase in gross margin is explained by higher medical revenues. The increase in gross margin percentage reflects higher sales volume and the related scale economy combined with enhanced productivity in medical sector. This was partly offset by the recognition of an allowance for obsolete inventory of $157,000.

Administrative expenses

Administrative expenses were $767,000 and $833,000, respectively, for the three-month periods ended August 31, 2017 and 2016. The decrease is mainly explained by lower salaries and fringe benefits, professional fees and rental fees. This is partly offset by a higher allowance for doubtful account.

Sales and marketing expenses

Sales and marketing expenses for the quarter ended August 31, 2017 totalled $1,705,000, an increase of $438,000 over the $1,267,000 reported during the same period in 2016. The increase is largely explained by higher headcount, commissions, tradeshows, travelling, subcontractor and stock-based compensation expenses when compared with last year due to the expansion of Opsens' sales channel for its FFR products.

Research and development expenses

Research and development expenses totalled $736,000 for the three-month period ended August 31, 2017, an increase of 34,000$ over the $702,000 reported during the same period in 2016. The variation is mainly explained by higher salaries and fringe benefits and by higher supplies.

Financial expenses

Financial revenues reached $134,000 for the three-month period ended August 31, 2017 compared with financial expenses of $2,000 for the same period last year. The increase in financial revenues during the period is explained by a more favorable exchange rate resulting in a positive impact of $117,000 and by higher interest revenues of $13,000.

Change in fair value of embedded derivative

During the three-month period ended August 31, 2017, an expense of $84,000 ($88,000 for the three-month period ended August 31, 2016) was recorded in the consolidated statements of loss and comprehensive loss.

Net loss

As a result of the foregoing, net loss for the quarter ended August 31, 2017 was $1,153,000 or $0.02 compared with net loss of $3,025,000 or $0.04 for the same period in 2016.

INFORMATION ON SHARE CAPITAL

For the year ended August 31, 2017, the Company granted to some employees, Directors and consultants a total of 2,992,750 stock options with an average exercise price of $1.49, cancelled 981,750 stock options with an exercise price of $1.03 and 1,074,250 stock options with an average exercise price of $0.40 were exercised.

For the year ended August 31, 2016, the Company granted to some employees, Directors and consultants a total of 2,154,750 stock options with an average exercise price of $0.95, cancelled 93,750 stock options with an exercise price of $0.79 and 574,250 stock options with an average exercise price of $0.38 were exercised.

For the year ended August 31, 2017, 1,366,468 warrants expired with an average exercise price of $1.20 and 1,870,528 warrants with an average exercise price of $1.14 were exercised.

For the year ended August 31, 2016, the Company issued 5,313,610 warrants with units with an average exercise price of $1.36 and issued 313,886 warrants to brokers with an average exercise price of $0.88. Also, 2,670,110 warrants expired with an average exercise price of $1.05 and 790,316 warrants with an average exercise price of $0.74 were exercised.

As at November 14, 2017, the following components of shareholders' equity are outstanding:

Common shares	85,556,566
Stock options	5,939,250
Warrants	2,380,500
Convertible debenture	3,413,333
Securities on a fully diluted basis	97,289,649

The number of shares that would be issued upon conversion of the debenture may vary depending on various parameters such as the exchange rate and the conversion price per share. In the table above, the conversion was carried out on the assumption that the exchange rate between the U.S. dollar and the Canadian dollar is 1.28 and the conversion price is equal to $0.75 per share.

No dividend was declared per share for each share class.

RELATED-PARTY TRANSACTIONS

In the normal course of its operations, the Company has entered into transactions with related parties.

	Years ended August 31,	
	2017	2016
	$	$
Professional fees paid to a company controlled by a director	**59,134**	29,248

Fees are incurred for the Company's FFR activities.

FINANCIAL INSTRUMENTS

Fair Value

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

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

The fair value of the convertible debenture is based on the discounted value of future cash flows under the current financial arrangements at the interest rate the Company expects to currently negotiate for loans with similar terms and conditions and maturity dates. The fair value of the debt component of the convertible debenture approximates $2,143,900 as at August 31, 2017 ($1,905,700 as at August 31, 2016) and is classified at level 2 in the fair value hierarchy.

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

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

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

Level 2 – Quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

	As at August 31, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
Financial assets (liabilities) measured at fair value:				
Convertible debenture – embedded derivative	**(1,097,653)**	**-**	**(1,097,653)**	**-**

	As at August 31, 2016			
	Total	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
Financial assets (liabilities) measured at fair value:				
Convertible debenture – embedded derivative	(979,635)	-	(979,635)	-

As explained in note 13 of the Company's annual consolidated financial statements, the convertible debenture contains an embedded derivative that must be measured at fair value at each reporting date with gains and losses in fair value recognized through profit or loss. One of the most significant assumptions impacting the Company's valuation of this embedded derivative is the implied volatility. The fair value of the convertible debenture was determined using the Black-Scholes pricing model using an implied volatility of 51% (55% in 2016), a discount rate of 1.26% (0.57% in 2016) and an expected life of 0.2 years (1.2 years in 2016). A 1% change in the implied volatility factor would have changed the fair value of the embedded derivative by $6,143 ($9,575 for the year ended August 31, 2016).

Risk Management

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

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses. The Company's exposure to credit risk currently relates to cash and cash equivalents and to trade and other receivables. The Company's credit risk management policies include the authorization to carry out investment transactions with recognized financial institutions with credit ratings of at least A and higher, in either bonds, money market funds or guaranteed investment certificates. Consequently, the Company manages credit risk by complying with established investment policies.

The credit risk associated with trade and other receivables is generally considered normal as trade receivables consist of a large number of customers spread across diverse geographical areas. Generally, the Company does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs ongoing credit reviews of all of its customers and establishes an allowance for doubtful accounts when accounts are determined to be at risks and/or uncollectible. Two major customers represented 34% of the Company's total accounts receivable as at August 31, 2017 (50% as at August 31, 2016).

As at August 31, 2017, 37% (56% as at August 31, 2016) of the accounts receivable were of more than 90 days whereas 34% (30% as at August 31, 2016) of those were less than 30 days. The maximum exposure to the risk of credit for accounts receivable corresponded to their book value. As at August 31, 2017, the allowance for doubtful accounts was established at $940,929 ($491,623 as at August 31, 2016).

Liquidity Risk

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

The following are the contractual maturities of the financial liabilities (principal and interest, assuming current interest rates) as at August 31, 2017 and August 31, 2016:

August 31, 2017	**Carrying amount**	**Cash flows**	**0 to 12 months**	**12 to 24 months**	**After 24 months**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	**2,909,516**	**2,909,516**	**2,909,516**	**-**	**-**
Long-term debt	**1,445,168**	**1,580,231**	**492,722**	**526,052**	**561,457**
Convertible debenture	**3,853,225**	**2,770,358**	**2,770,358**	**-**	**-**
Total	**8,207,909**	**7,260,105**	**6,172,596**	**526,052**	**561,457**

August 31, 2016	**Carrying amount**	**Cash flows**	**0 to 12 months**	**12 to 24 months**	**After 24 months**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	2,041,873	2,041,873	2,041,873	-	-
Long-term debt	1,784,654	1,930,582	530,651	502,285	897,646
Convertible debenture	3,792,839	2,898,533	-	2,898,533	-
Total	7,619,366	6,870,988	2,572,524	3,400,818	897,646

Interest Rate Risk

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

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

Interest Rate Sensitivity Analysis

Interest rate risk exists when interest rate fluctuations modify the cash flows or the fair value of the Company’s investments and embedded derivative. The Company owns investments with fixed interest rates. As at August 31, 2017, the Company was holding more than 94% (92% as at August 31, 2016) of its cash and cash equivalents in all-time redeemable term deposits.

All else being equal, a hypothetical 1% interest rate increase or decrease wouldn’t have a significant impact on net loss and comprehensive loss for the year ended August 31, 2017 (not significant for the year ended August 31, 2016).

Financial expenses (revenues)

	Years ended August 31,	
	2017	2016
	$	$
Interest and bank charges	**56,323**	57,298
Interest on long-term debt	**70,379**	44,967
Interest and accreted interest on convertible debenture	**69,979**	69,629
Gain on foreign currency translation	**(19,374)**	(3,988)
Interest income	**(184,500)**	(111,042)
	(7,193)	56,864

Concentration Risk

Concentration risk exists when investments are made with multiple entities that share similar characteristics or when a large investment is made with a single entity. As at August 31, 2017 and 2016, the Company was holding 100% of its cash equivalents portfolio in all-time redeemable term deposits with financial institutions with high creditworthiness.

Foreign Exchange Risk

The Company realizes certain sales and purchases and certain supplies and professional services in US dollars, Euros and British pound. Therefore, it is exposed to foreign currency fluctuations. The Company does not actively manage this risk.

Foreign Currency Sensitivity Analysis

For the year ended August 31, 2017, if the Canadian dollar had strengthened 10% against the US dollar with all other variables held constant, net loss and comprehensive loss would have been $79,000 higher ($260,000 lower for the year ended August 31, 2016). Conversely, if the Canadian dollar had weakened 10% against the US dollar with all other variables held constant, net loss and comprehensive loss would have been $79,000 lower for the year ended August 31, 2017 ($260,000 higher for the year ended August 31, 2016).

For the year ended August 31, 2017, if the Canadian dollar had strengthened 10% against the Euros with all other variables held constant, net loss and comprehensive loss would have been $322,000 higher ($159,000 higher for the year ended August 31, 2016). Conversely, if the Canadian dollar had weakened 10% against the Euros with all other variables held constant, net loss and comprehensive loss would have been $322,000 lower for the year ended August 31, 2017 ($159,000 lower for the year ended August 31, 2016).

For the year ended August 31, 2017, if the Canadian dollar had strengthened 10% against the British pound with all other variables held constant, net loss and comprehensive loss would have been $10,000 higher ($42,000 higher for the year ended August 31, 2016). Conversely, if the Canadian dollar had weakened 10% against the British pound with all other variables held constant, net loss and comprehensive loss would have been $10,000 lower for the year ended August 31, 2017 ($42,000 lower for the year ended August 31, 2016).

As at August 31, 2017 and August 31, 2016, the risk to which the Company was exposed is established as follows:

	As at August 31, 2017	As at August 31, 2016
	$	$
Cash and cash equivalents (US$252,720; US$125,202 as at August 31, 2016)	**316,810**	163,903
Cash and cash equivalents (Euro 28,968; Euro 22,450 as at August 31, 2016)	**43,125**	32,842
Cash and cash equivalents (British pound 64; nil as at August 31, 2016)	**103**	-
Trade and other receivables (US$1,741,221; US$440,847 as at August 31, 2016)	**2,182,794**	578,410
Trade and other receivables (Euro 625,813; Euro 205,129 as at August 31, 2016)	**931,647**	300,083
Trade and other receivables (British pound 116,377; British pound 85,745 as at August 31, 2016)	**188,463**	147,679
Accounts payable and accrued liabilities (US$757,978; US$317,632 as at August 31, 2016)	**(950,202)**	(416,288)
Accounts payable and accrued liabilities (Euro 4,408; nil as at August 31, 2016)	**(6,563)**	-
Accounts payable and accrued liabilities (British pound 830; nil as at August 31, 2016)	**(1,342)**	-
Convertible debenture (US$2,198,125; US$2,144,864 as at August 31, 2016)	**(2,755,572)**	(2,813,204)
Embedded derivative (US$875,600; US$746,900 as at August 31, 2016)	**(1,097,653)**	(979,635)
Total	**(1,148,390)**	(2,986,210)

CAPITAL MANAGEMENT

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

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

As at August 31, 2017, the Company's working capital amounted to $15,909,209 ($9,502,625 as at August 31, 2016), including cash and cash equivalents of $12,570,299 ($5,903,040 as at August 31, 2016). The accumulated deficit at the same date was $37,076,057 ($30,539,014 as at August 31, 2016). Based on the Company's assessment, which takes into account current cash and cash equivalents, as well as its strategic plan and corresponding budgets and forecasts, the Company believes that it has sufficient liquidity and financial resources to fund planned expenditures and other working capital needs for at least, but not limited to, the 12-month period following the consolidated statements of financial position date of August 31, 2017.

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

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

For the years ended August 31, 2017 and 2016, the Company has not been in default under any of its obligations regarding the long-term debt.

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. Taking into account the employment market in Canada, US and EMEA, Opsens is confident in its capacity to recruit qualified human resources in a timely fashion.

Regarding the strategy on corporate executive remuneration, it is oriented towards creation of 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 in order to align shareholders’ interest with corporate executives’ interest. This long-term vision stimulates innovation and the development of recurrent revenues.

NEW ACCOUNTING STANDARDS

There are no IFRSs or International Financial Reporting Interpretations Committee ("IFRIC") that are effective for the first time in 2017 that would be expected to have a material impact on the Company.

Not yet adopted

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard will replace IAS 39, *Financial instruments: recognition and measurement*. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exceptions. Early adoption is permitted. Restatement of prior periods in relation to the classification and measurement, including impairment, is not required. The Company has not yet assessed the impact of this new standard.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from contracts with customers*. IFRS 15 replaces all previous revenue recognition standards, including IAS 18, *Revenue*, and related interpretations such as IFRIC 13, *Customer loyalty programmes*. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces more prescriptive guidance than was included in previous standards and may result in changes in classification and disclosure in addition to changes in the timing of recognition for certain types of revenues. On July 22, 2015, the IASB has confirmed a one-year deferral of the effective date of IFRS 15 to January 1, 2018.

In April 2016, the IASB issued clarifications to IFRS 15, Revenue from contracts with customers. These clarifications provide additional clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property. The Company is currently evaluating the impact of this new standard on its financial statements.

IFRS 16, Lease

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 12 months or less or the underlying asset has a small value. Accounting for the lessor remain 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 not yet assessed the impact of this new standard.

IAS 7, Statement of cash flows

On January 29, 2016, the IASB published amendments to IAS 7, *Statements of cash flows*. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity’s financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. The adoption of these new requirements will have no impact on the Company’s consolidated financial statements.

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. Earlier application is permitted. 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; and
- Measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The Company has not yet assessed the impact of this new interpretation.

DISCLOSURE CONTROLS AND PROCEDURES

In accordance with the requirements of National Instrument 52-109–Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures («DC&P»). Based upon the results of the evaluation, the Company's CEO and CFO have concluded that as at August 31, 2017, the Company's disclosure controls and procedures to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported within the appropriate time periods and forms were effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

During the fiscal year, consistent with the Company's listing on the Toronto Stock Exchange, the Company's management, with the participation of the CEO and CFO, assessed the effectiveness of the Company's internal controls over financial reporting and concluded that as at August 31, 2017, the Company's internal control over financial reporting was effective.

LIMITATIONS OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 in the first annual financial period following the completion of the graduation to the Toronto Stock Exchange may result in additional risks to the quality, reliability, transparency and timeliness of annual filings and other filings provided under securities legislation. The Company's management, including the CEO and CFO, believe that due to inherent limitations, any disclosure controls and procedures or internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Additionally, management is required to use judgment in evaluating controls and procedures.

RISK FACTORS AND UNCERTAINTIES

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

OFF-BALANCE SHEET ARRANGEMENTS

As of August 31, 2017, the Company was not the primary beneficiary in Special Purpose Entities and there were no off-balance sheet arrangements.

OTHER INFORMATION

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

On behalf of management,
Chief Financial Officer and Corporate Secretary

(s) Robin Villeneuve, CPA, CA

November 14, 2017

Consolidated Financial Statements

Opsens Inc.

Years ended August 31, 2017 and 2016

Deloitte LLP
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Independent Auditor's Report

To the Shareholders of Opsens Inc.

We have audited the accompanying consolidated financial statements of Opsens Inc., which comprise the consolidated statements of financial position as at August 31, 2017, and August 31, 2016, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Opsens Inc. as at August 31, 2017, and August 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP[1]

November 14, 2017

[1] CPA auditor, CA, public accountancy permit No. A112991

Opsens Inc.

Consolidated Statements of Loss and Comprehensive Loss
Years ended August 31, 2017 and 2016

	2017	2016
	$	$
Revenues		
Sales	**16,377,834**	9,233,401
Licensing (note 11a)	**1,374,162**	367,416
	17,751,996	9,600,817
Cost of sales (note 24)	**10,252,223**	7,970,239
Gross margin	**7,499,773**	1,630,578
Expenses (income) (note 24)		
Administrative	**3,774,473**	3,684,431
Sales and marketing	**6,975,208**	3,694,310
Research and development	**3,130,583**	2,744,217
Financial expenses (revenues) (note 25)	**(7,193)**	56,864
Change in fair value of embedded derivative (note 13)	**163,745**	732,425
	14,036,816	10,912,247
Net loss and total comprehensive loss attributable to shareholders	**(6,537,043)**	(9,281,669)
Basic and diluted net loss per share (note 15)	**(0.08)**	(0.14)

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

Opsens Inc.

Consolidated Statements of Changes in Equity
Years ended August 31, 2017 and 2016

	Common shares	Warrants	**Total**	Share capital	Reserve – Stock option plan	Reserve – Warrants	Deficit	**Total**
	(number)	(number)	**(number)**	$	$	$	$	**$**
Balance as at August 31, 2016	72,629,038	5,617,496	**78,246,534**	32,677,611	1,920,089	3,253,737	(30,539,014)	**7,312,423**
Common shares issued in connection with a public offering (note 14a)	9,967,000	-	**9,967,000**	13,755,567	-	-	-	**13,755,567**
Issued pursuant to the stock option plan (note 14a)	1,074,250	-	**1,074,250**	649,686	(223,560)	-	-	**426,126**
Warrants expired (note 14c)	-	(1,366,468)	**(1,366,468)**	-	-	-	-	**-**
Warrants exercised (note 14a)	1,870,528	(1,870,528)	**-**	2,498,640	-	(354,443)	-	**2,144,197**
Stock-based compensation Costs (note 14b)	-	-	**-**	-	864,054	-	-	**864,054**
Net loss and total comprehensive loss	-	-	**-**	-	-	-	(6,537,043)	**(6,537,043)**
Balance as at August 31, 2017	85,540,816	2,380,500	**87,921,316**	49,581,504	2,560,583	2,899,294	(37,076,057)	**17,965,324**

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

Opsens Inc.

Consolidated Statements of Changes in Equity
Years ended August 31, 2017 and 2016

	Common shares					Reserve –			
	Issued	Subscribed	Warrants	**Total**	Share capital	Stock option plan	Reserve – Warrants	Deficit	**Total**
	(number)	(number)	(number)	**(number)**	$	$	$	$	**$**
Balance as at August 31, 2015	60,497,253	140,000	3,450,426	**64,087,679**	23,226,679	1,608,161	2,315,944	(21,257,345)	**5,893,439**
Common shares and warrants issued in connection with a public offering (note 14a)	5,681,819	-	3,154,796	**8,836,615**	3,819,639	-	580,446	-	**4,400,085**
Common shares and warrants issued in connection with private placements (note 14a)	4,945,400	-	2,472,700	**7,418,100**	4,658,316	-	390,360	-	**5,048,676**
Issued pursuant to the stock option plan (note 14a)	714,250	(140,000)	-	**574,250**	358,334	(139,168)	-	-	**219,166**
Warrants expired (note 14c)	-	-	(2,670,110)	**(2,670,110)**	-	-	-	-	**-**
Warrants exercised (note 14a)	790,316	-	(790,316)	**-**	614,643	-	(33,013)	-	**581,630**
Stock-based compensation costs (note 14b)	-	-	-	**-**	-	451,096	-	-	**451,096**
Net loss and total comprehensive loss	-	-	-	**-**	-	-	-	(9,281,669)	**(9,281,669)**
Balance as at August 31, 2016	72,629,038	-	5,617,496	**78,246,534**	32,677,611	1,920,089	3,253,737	(30,539,014)	**7,312,423**

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

Opsens Inc.

Consolidated Statements of Financial Position

	As at August 31, 2017	As at August 31, 2016
	$	$
Assets		
Current		
Cash and cash equivalents (note 16)	**12,570,299**	5,903,040
Trade and other receivables (note 5)	**4,218,938**	1,981,426
Tax credits receivable (note 21)	**916,675**	365,000
Inventories (note 6)	**5,446,508**	4,056,824
Prepaid expenses	**454,286**	263,734
	23,606,706	12,570,024
Property, plant and equipment (note 7)	**3,355,410**	3,646,849
Intangible assets (note 8)	**647,685**	644,603
	27,609,801	16,861,476
Liabilities		
Current		
Accounts payable and accrued liabilities (note 10)	**2,909,516**	2,041,873
Warranty provision (note 18)	**128,910**	177,870
Current portion of deferred revenues (note 11)	**366,408**	366,408
Current portion of long-term debt (note 12)	**439,438**	481,248
Convertible debenture (note 13)	**3,853,225**	-
	7,697,497	3,067,399
Deferred revenues (note 11)	**41,673**	408,085
Long-term debt (note 12)	**1,005,730**	1,303,406
Convertible debenture (note 13)	**-**	3,792,839
Deferred lease inducements	**899,577**	977,324
	9,644,477	9,549,053
Shareholders' equity		
Share capital (note 14a)	**49,581,504**	32,677,611
Reserve – Stock option plan (note 14b)	**2,560,583**	1,920,089
Reserve – Warrants (note 14c)	**2,899,294**	3,253,737
Deficit	**(37,076,057)**	(30,539,014)
	17,965,324	7,312,423
	27,609,801	16,861,476

Commitments (note 17)
Subsequent event (note 27)

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

Approved by the board

Signed [Jean Lavigueur] director

Signed [Louis Laflamme] director

Opsens Inc.

Consolidated Statements of Cash Flows
Years ended August 31, 2017 and 2016

	2017	2016
	$	$
Operating activities		
Net loss	**(6,537,043)**	(9,281,669)
Adjustments for:		
Depreciation of property, plant and equipment (note 7)	**698,616**	549,230
Amortization of intangible assets (note 8)	**90,493**	72,767
Loss (gain) on disposal of property, plant and equipment	**(39,213)**	2,199
Write-off of intangible assets	**11,225**	-
Stock-based compensation costs	**864,054**	451,096
Change in fair value of embedded derivative	**163,745**	732,425
Interest expense	**52,085**	32,095
Unrealized foreign exchange gain	**(159,616)**	(39,889)
Changes in non-cash operating working capital items (note 16)	**(3,920,886)**	(2,013,884)
	(8,776,540)	(9,495,630)
Investing activities		
Acquisition of property, plant and equipment	**(544,389)**	(3,088,204)
Income tax credits on property, plant and equipment	**24,886**	-
Additions to intangible assets	**(158,491)**	(126,723)
Proceeds from disposal of property, plant and equipment	**131,217**	-
Interest received	**116,522**	94,806
	(430,255)	(3,120,121)
Financing activities		
Increase in long-term debt, net of transaction costs	**189,863**	1,398,637
Government grants on long-term debt	**(48,416)**	(27,858)
Reimbursement of long-term debt	**(538,214)**	(338,243)
Proceeds from issuance of shares and warrants (note 14a)	**17,520,823**	10,962,118
Shares and warrants issue costs (note 14a)	**(1,194,933)**	(711,205)
Interest paid	**(41,344)**	-
	15,887,779	11,283,449
Effect of foreign exchange rate changes on cash and cash equivalents	**(13,725)**	31,730
Increase (decrease) in cash and cash equivalents	**6,667,259**	(1,300,572)
Cash and cash equivalents – Beginning of year	**5,903,040**	7,203,612
Cash and cash equivalents – End of year	**12,570,299**	5,903,040

Additional information on the consolidated statements of cash flows is presented in note 16.

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

1. Incorporation and Description of Business

Opsens Inc. (“Opsens” or the “Company”) is incorporated under the Business Corporations Act (Quebec). Opsens focuses mainly on the measure of Fractional Flow Reserve ("FFR") in interventional cardiology. 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 applications such as the monitoring of oil wells and other demanding industrial applications. The Company’s head office is located at 750, boulevard du ParcTechnologique, Québec, Québec, Canada, G1P 4S3.

2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the consolidated financial statements are as follows:

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the embedded derivative, which is measured at fair value.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The Company has consistently applied the accounting policies throughout all years presented.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiary, Opsens Solutions Inc. All intra-group transactions, balances, revenues and expenses are eliminated in full on consolidation until they are realized with a third party.

Subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date control is obtained and they are no longer consolidated at the date control ceases.

Changes in the parent company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company's revenue related to the sales of products are measured at the fair value of the consideration received or receivable upon shipment of the product and when the risks and rewards of ownership have been transferred to the customer, when there is no continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably and when the recovery of the consideration is probable and the associated costs and possible return of goods can be measured.

Industrial reportable segment revenues related to the sales of products and sensor installation services are recognized when persuasive evidence of an arrangement exists, on-site installation has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured. For contract revenues earned over a long period, revenues are recorded using the percentage-of-completion method. Therefore, these revenues are recognized proportionately with the degree of completion of the work. The Company uses the efforts expended method to calculate the degree of completion of work based on the number of hours incurred as at the reporting date compared to the estimated total number of hours. Work in progress is valued by taking into consideration the number of hours worked and contract costs incurred but not yet invoiced and the payments received. For contracts where billings exceed contract costs incurred to date plus recognized profits less recognized losses, the excess is shown on the consolidated statements of financial position as deferred revenues. Expected losses are recorded as an expense when it is probable that total contract costs will exceed total contract revenue.

Reporting Currency and Foreign Currency Transactions

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company, as this is the principal currency of the economic environment in which it operates.

Foreign currency transactions are translated into Canadian dollars as follows: monetary assets and liabilities are translated at the exchange rate in effect at the consolidated statements of financial position date, non-monetary assets and liabilities are translated at historical rates, revenues and expenses are translated at the exchange rates in effect at the time of the transaction and exchange gains and losses resulting from translation are reflected in the consolidated statements of loss and comprehensive loss.

Research and Development Costs

Research costs are expensed as incurred. Development costs are expensed as incurred except for those which meet generally accepted criteria for deferral, in which case, the costs are capitalized and amortized to operations over the estimated period of benefit. No costs have been deferred during any of the years presented.

Research and Development Refundable Tax Credits and Government grant

Refundable research and development ("R&D") tax credits and government assistance are accounted for using the cost reduction method. Accordingly, refundable R&D tax credits and government assistance are recorded as a reduction of the related expenses or capital expenditures in the period the expenses are incurred, provided that the Company has reasonable assurance the refundable R&D tax credits or government assistance will be realized.

2. Summary of Significant Accounting Policies (continued)

Equity

Share capital represents the value of shares that have been issued. Any transaction costs associated with the issuance of shares are deducted from share capital.

From time to time, the Company issues units consisting of common shares and common share purchase warrants. The Company estimates the fair value of the common shares purchase warrants using the Black-Scholes option pricing model. The difference between the unit price and the fair value of each warrants represents the fair value attributable to each common share. Any transaction costs associated with the issuance of units are apportioned between the common shares and warrants based on their relative fair values.

Share-based Payments

The Company offers a stock option plan described in note 14, which is determined as an equity-settled plan.

The Company uses the fair value-based method to assess the fair value of stock options as at their grant date. The fair value is determined using the Black-Scholes option pricing model and is recognized in the consolidated statements of loss and comprehensive loss as a compensation expense and credited to the stock option plan reserve, using a graded vesting schedule over the vesting period, based on the Company's estimate of the number of shares that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognized in the consolidated statements of loss and comprehensive loss such that the cumulative compensation expense reflects the revised estimate, with a corresponding adjustment to the stock option plan reserve.

Any consideration received by the Company upon the exercise of stock options is credited to share capital, and the stock option plan reserve component resulting from stock-based compensation is transferred to share capital upon the issuance of the shares.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments redeemable anytime or with a maturity of three months or less beginning on the acquisition date.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is essentially determined using the weighted average cost. The cost of work in progress and finished goods comprises the cost of raw materials, direct labor costs and an allocation of fixed and variable manufacturing overhead, including applicable depreciation of property, plant and equipment based on normal production capability.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories are written down to net realizable value when the cost of inventories is determined not to be recoverable. When the circumstances that previously caused the inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal is limited to the amount of the original write-down.

2. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes the purchase price and the directly attributable costs of acquisition.

Depreciation is recorded using the straight-line method based on estimated useful lives, taking into account any residual value, as follows:

Office furniture and equipment	10 years
Production equipment	7 years
Automotive equipment	7 years
Research and development equipment	7 years
Diagnostic and demonstration equipment	3 to 5 years
Research and development computer equipment	3 years
Computer equipment	3 years
Leasehold improvements	Remaining lease terms of nine years

Depreciation methods, residual values and useful lives of property, plant and equipment are reviewed annually. Any change is accounted for prospectively as a change in accounting estimates.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized in the consolidated statements of loss and comprehensive loss.

Intangible Assets

Intangible assets with finite useful lives consist of patents and software. They are recorded at cost and amortization is recorded using the straight-line method based on estimated useful lives taking into account any residual values, as follows:

Patents	Term of underlying patent - 20 years
Software	3 years

The Company’s indefinite-life intangible assets consist of trademarks resulting from a business combination and are not amortized.

2. Summary of Significant Accounting Policies (continued)

Impairment of Non-Financial Assets

Goodwill and Indefinite-Life Intangible Assets

The carrying values of identifiable intangible assets with indefinite life and goodwill are tested annually for impairment. Goodwill and indefinite-life intangible assets are allocated to CGUs for the purpose of impairment testing based on the level at which management monitors it, which is not higher than an operating segment. The allocation is made to those CGUs that are expected to benefit from the business combination in which goodwill arose. The Company has elected to carry its annual impairment test during the last quarter of each year or at any time if an indicator of impairment exists.

Non-Financial Assets with Finite Useful Life

The carrying values of non-financial assets with finite useful life, such as property, plant and equipment and intangible assets with finite useful life, are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount of the asset must be determined. Such assets are impaired if their recoverable amount is lower than their carrying amount. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the CGU to which the asset belongs is tested for impairment.

Recognition of Impairment Charge

The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The resulting impairment charge is recognized in the consolidated statements of loss and comprehensive loss. Impairment charges recognized in prior periods are determined at each reporting date for any indications that the impairment charge has decreased or no longer exists. When an impairment charge is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment charges been recognized for the asset or CGU in prior years. An impairment charge recognized for goodwill cannot be reversed.

Leases

Leases are classified as either operating or finance, based on the substance of the transaction at the inception of the lease. The Company leases certain office premises and equipment in which a significant portion of the risks and rewards of ownership are retained by the lessor. These are classified as operating leases. Payments made under these leases are charged to the consolidated statements of loss and comprehensive loss on a straight-line basis over the period of the lease.

The Company has a facility lease arrangement that includes tenant inducements. Rent expense is recorded evenly over the term of the lease agreement. The difference between cash rental payments and the rent expense recorded for accounting purposes is reflected as a deferred lease inducement in the consolidated statements of financial position.

Finance leases which transfer to the Company substantially all the risks and benefits of ownership of the asset are capitalized at the inception of the lease at the fair value of the leased asset or at the present value of the minimum lease payments. Finance expenses are charged to the consolidated statements of loss and comprehensive loss over the period of the agreement. Obligations under finance leases are included in financial liabilities, net of finance costs allocated to future periods. Capitalized leased assets are depreciated over the shorter of the estimated life of the asset or the lease term.

2. Summary of Significant Accounting Policies (continued)

Warranty Provision

The Company offers a standard 12-month warranty excluding consumable and accessories.

For downhole materials, the Company guarantees that the downhole materials shall be free from defects but given that the downhole environmental conditions are not exactly known, the Company does not guarantee the performance of the downhole materials once they have entered the wellbore. The estimated cost of the warranty is based on the history of defective products and accessories, the probability that these defects will arise and the costs to repair them.

Income Taxes

Income tax expenses comprise current and deferred income taxes. Income taxes are recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income taxes are also recognized directly in equity.

Current Income Taxes

The current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities. The income tax rates used to calculate the amount are those that are enacted or substantively enacted at the consolidated statements of financial position date in the tax jurisdiction where the Company and its subsidiary generate taxable income/loss.

Deferred Income Taxes

The Company provides for deferred income taxes using the liability method. Under this method, deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between carrying values and tax values of assets and liabilities as well as the carryforward of unused tax losses and deductions, using enacted or substantively enacted income tax rates expected to be in effect for the years in which the assets are expected to be realized or the liabilities settled.

Deferred income tax assets are recognized only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are generally recognized for all taxable temporary differences and for taxable temporary differences arising on investments in subsidiaries, except where the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are presented as non-current in the consolidated statements of financial position.

2. Summary of Significant Accounting Policies (continued)

Loss per Share

Basic net loss per share is calculated by dividing the net loss for the year attributable to equity owners of the Company by the weighted-average number of common shares outstanding during the year.

Diluted net loss per share is calculated by dividing the net loss for the year attributable to equity owners of the Company adjusted for the interests on the convertible debenture, net of tax, the unrealized foreign exchange gain or loss, net of tax, and for the change in fair value of embedded derivative, net of tax, by the weighted-average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents. This method requires that diluted net loss per share be calculated using the treasury stock method, as if all dilutive potential common share equivalents had been exercised at the beginning of the reporting period, or period of issuance, as the case may be, and that the funds obtained thereby be used to purchase common shares of the Company at the fair value of the common shares during the period.

Financial Instruments

a) Classification

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories, depending on the purpose for which the instruments are required:

- Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and cash equivalents and trade and other receivables and are included in the current assets due to their short-term nature. Loans and receivables are initially recognized at fair value plus transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, which generally corresponds to the nominal amount due to their short-term maturity, less a provision for impairment.

- Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities, long-term debt and the debt component of the convertible debenture. They are initially recognized at fair value less transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method.

  Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

- Derivative financial instruments: Derivative financial instruments are comprised of the embedded derivative representing the conversion option of the convertible debenture. The embedded derivative is measured at fair value at each reporting date. The embedded derivative has been classified as held-for-trading and is included in the consolidated statements of financial position within the convertible debenture. It is classified as non-current based on the contractual terms specific to the instrument. Gains and losses on re-measurement of the embedded derivative are recognized in the consolidated statements of loss and comprehensive loss.

2. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

b) Impairment of financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor and indications that a debtor or issuer will enter bankruptcy.

c) Compound Financial Instrument

The compound financial instrument issued by the Company consists of the convertible debenture that can be converted into common shares of the Company at the option of the holder. Since the debenture is convertible into shares and contains a cash settlement feature, as described in note 13, it is accounted for as a compound instrument with a debt component and a separate embedded derivative representing the conversion option also classified as a liability. Both the debt and embedded derivative components of this compound financial instrument are measured at fair value on initial recognition.

The debt component is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date, with gains and losses in fair value recognized in the consolidated statements of loss and comprehensive loss.

3. Critical Accounting Estimates, Assumptions and Judgments

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying value of the asset or liability affected.

For all these items, relevant accounting policies are discussed in note 2 of these consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both the current and future periods.

The following are the critical judgements, assumptions and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Inventories

The Company states its inventories at the lower of cost, determined with the weighted average cost basis method, and net realizable value, and provides reserves for excess and obsolete inventories. The Company determines its reserves for excess and obsolete inventories based on the quantities on hand at the reporting dates, compared to foreseeable needs over the next twelve months, taking into account changes in demand, technology or market.

3. Critical Accounting Estimates, Assumptions and Judgments (continued)

Useful Life of Depreciable Assets

Management reviews the useful life of depreciable assets at each reporting date. As at August 31, 2017, management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are presented in notes 7 and 8. Actual results, however, may vary due to technical obsolescence or changes in the market, particularly for computer equipment and software.

Government Assistance and Research and Development Tax Credits

Government assistance and research and development tax credits are recorded in the consolidated financial statements when there is reasonable assurance that the Company has complied with, and will continue to comply with, all of the conditions necessary to obtain the government assistance and research and development tax credits.

Warranty Provision

The Company estimated warranty provision based on the history of defective products and the probability that these defects will arise, as well as the related costs.

Revenue Recognition

Delivery generally occurs when the product is handed over to a transporter for shipment. At the time of the transaction, the Company assesses whether the price associated with its revenue transaction is fixed or determinable and whether or not collection is reasonably assured. The Company assesses collection based on a number of factors, including past transaction history and the creditworthiness of the customer.

Stock-based Compensation

The Company uses judgment in assessing expected life, volatility, risk-free interest rate, as well as the estimated number of options that will ultimately vest.

Warrants

Warrants are issued as part of equity financing. Warrants may be exercised at any moment after their issuance until the expiration date. The Company uses judgment in assessing parameters like volatility and risk-free interest rate.

Functional currency

The functional currency for the Company and its subsidiary is the currency of the primary economic environment in which each operates. The Company has determined that the functional currency for the Company and its subsidiary is the Canadian dollar. The determination of functional currency may require certain judgements to determine the primary economic environment. The Company reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment

Deferred income tax asset

A deferred income tax asset will be recognized in the financial statements only when the Company concludes that these tax assets will probably be materialized by shielding profits from taxes or otherwise. The tax asset amount will be recorded based on the enacted and substantively enacted income tax rates for the year in which the differences are expected to reverse.

4. Changes in Accounting Policies

New and amended standards issued but not yet effective

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard will replace IAS 39, *Financial instruments: recognition and measurement*. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exceptions. Early adoption is permitted. Restatement of prior periods in relation to the classification and measurement, including impairment, is not required. The Company has not yet assessed the impact of this new standard.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from contracts with customers*. IFRS 15 replaces all previous revenue recognition standards, including IAS 18, *Revenue*, and related interpretations such as IFRIC 13, *Customer loyalty programmes*. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces more prescriptive guidance than was included in previous standards and may result in changes in classification and disclosure in addition to changes in the timing of recognition for certain types of revenues. On July 22, 2015, the IASB has confirmed a one-year deferral of the effective date of IFRS 15 to January 1, 2018.

In April 2016, the IASB issued clarifications to IFRS 15, *Revenue from contracts with customers*. These clarifications provide additional clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property. The Company is currently evaluating the impact of this new standard on its financial statements.

IFRS 16, Lease

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 12 months or less or the underlying asset has a small value. Accounting for the lessor remain 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 not yet assessed the impact of this new standard.

IAS 7, Statement of cash flows

On January 29, 2016, the IASB published amendments to IAS 7, *Statements of cash flows*. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. The adoption of these new requirements will have no impact on the Company's consolidated financial statements.

4. Changes in Accounting Policies (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. Earlier application is permitted. 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; and
- Measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The Company has not yet assessed the impact of this new interpretation.

5. Trade and other receivables

	As at August 31, 2017	As at August 31, 2016
	$	$
Trade	**4,716,013**	2,176,251
Allowance for doubtful accounts	**(940,429)**	(491,623)
Sales taxes receivable	**402,640**	217,817
Other receivables	**40,714**	78,981
Total	**4,218,938**	1,981,426

Allowance for doubtful accounts variation

	Years ended August 31,	
	2017	2016
	$	$
Balance – Beginning of year	**(491,623)**	(3,032)
Amounts written off during the year	**-**	1,759
Additional provisions recognized	**(448,806)**	(490,350)
Balance – End of year	**(940,429)**	(491,623)

6. Inventories

	As at August 31, 2017	As at August 31, 2016
	$	$
Raw materials	2,415,146	2,205,139
Work in progress	1,566,244	1,240,091
Finished goods	1,465,118	611,594
Total	5,446,508	4,056,824

For the year ended August 31, 2017, $6,096,080 of inventories were expensed in the consolidated statements of loss and comprehensive loss and presented in cost of sales ($4,556,764 for the year ended August 31, 2016).

Write-downs of inventories amounting to $157,000 ($809,000 in 2016) were included under cost of sales.

7. Property, Plant and Equipment

	Office furniture and equipment net of income tax credits of $3,420	Leased office furniture and equipment	Production equipment net of income tax credits of $103,160	Diagnostic and demonstration equipment	Leased automotive equipment	Research and development equipment, net of income tax credits and government assistance of $55,303	Research and development computer equipment, net of income tax credits of $3,078	Computer equipment	Leasehold improvements net of income tax credits of $44,823	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
Balance as at August 31, 2016	362,982	8,326	2,997,080	227,483	14,300	1,101,082	62,363	416,891	1,071,579	6,262,086
Additions	62,068	-	261,490	227,397	-	87,766	-	32,510	13,974	685,205
Disposals	-	-	(254,015)	(19,785)	-	-	-	(3,000)	-	(276,800)
Income tax credits	(3,984)	-	(129,336)	-	-	-	-	-	(52,704)	(186,024)
Balance as at August 31, 2017	421,066	8,326	2,875,219	435,095	14,300	1,188,848	62,363	446,401	1,032,849	6,484,467
Accumulated depreciation										
Balance as at August 31, 2016	116,251	8,326	755,513	20,054	14,300	984,509	49,013	275,654	391,617	2,615,237
Disposals	-	-	(175,528)	(6,268)	-	-	-	(3,000)	-	(184,796)
Depreciation	35,379	-	376,112	75,533	-	54,603	7,319	71,754	77,916	698,616
Balance as at August 31, 2017	151,630	8,326	956,097	89,319	14,300	1,039,112	56,332	344,408	469,533	3,129,057
Net book value as at August 31, 2017	269,436	-	1,919,122	345,776	-	149,736	6,031	101,993	563,316	3,355,410

7. Property, Plant and Equipment (continued)

	Office furniture and equipment	Leased office furniture and equipment	Production equipment	Diagnostic and demonstration equipment	Leased automotive equipment	Research and development equipment, net of income tax credits and government assistance of $55,303	Research and development computer equipment, net of income tax credits of $3,078	Computer equipment	Leasehold improvements	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
Balance as at August 31, 2015	189,479	8,326	1,199,224	-	14,300	1,082,189	50,425	275,865	378,152	3,197,960
Additions	173,503	-	1,797,856	229,956	-	18,893	11,938	141,026	693,427	3,066,599
Disposals	-	-	-	(2,473)	-	-	-	-	-	(2,473)
Balance as at August 31, 2016	362,982	8,326	2,997,080	227,483	14,300	1,101,082	62,363	416,891	1,071,579	6,262,086
Accumulated depreciation										
Balance as at August 31, 2015	91,331	8,326	458,823	-	14,300	928,041	42,067	223,454	299,939	2,066,281
Disposals	-	-	-	(274)	-	-	-	-	-	(274)
Depreciation	24,920	-	296,690	20,328	-	56,468	6,946	52,200	91,678	549,230
Balance as at August 31, 2016	116,251	8,326	755,513	20,054	14,300	984,509	49,013	275,654	391,617	2,615,237
Net book value										
as at August 31, 2016	246,731	-	2,241,567	207,429	-	116,573	13,350	141,237	679,962	3,646,849

8. Intangible Assets

	Indefinite lives – Trademarks	Limited lives – Patents	Limited lives – Software, net of income tax credits of $1,518	Internally developed Limited lives – Patents	Total
	$	$	$	$	$
Cost					
Balance as at August 31, 2016	**18,720**	**35,060**	**181,325**	**787,289**	**1,022,394**
Additions	**2,517**	**-**	**29,330**	**72,953**	**104,800**
Change due to derecognition	**-**	**-**	**-**	**(17,484)**	**(17,484)**
Balance as at August 31, 2017	**21,237**	**35,060**	**210,655**	**842,758**	**1,109,710**
Accumulated amortization					
Balance as at August 31, 2016	**-**	**7,218**	**105,489**	**265,084**	**377,791**
Amortization	**-**	**8,970**	**36,124**	**45,399**	**90,493**
Change due to derecognition	**-**	**-**	**-**	**(6,259)**	**(6,259)**
Balance as at August 31, 2017	**-**	**16,188**	**141,613**	**304,224**	**462,025**
Net book value as at August 31, 2017	**21,237**	**18,872**	**69,042**	**538,534**	**647,685**

	Indefinite lives – Trademarks	Limited lives – Patents	Limited lives – Software, net of income tax credits of $1,518	Internally developed Limited lives – Patents	Total
	$	$	$	$	$
Cost					
Balance as at August 31, 2015	13,567	30,000	108,172	708,015	859,754
Additions	5,153	5,060	73,153	79,274	162,640
Balance as at August 31, 2016	18,720	35,060	181,325	787,289	1,022,394
Accumulated amortization					
Balance as at August 31, 2015	-	5,025	81,442	218,557	305,024
Amortization	-	2,193	24,047	46,527	72,767
Balance as at August 31, 2016	-	7,218	105,489	265,084	377,791
Net book value as at August 31, 2016	18,720	27,842	75,836	522,205	644,603

The Company has considered indicators of impairment as of August 31, 2017. To date, the Company has recorded aggregate impairment losses of $11,225 (nil for year ended August 31, 2016), primarily resulting from patent applications not pursued.

9. Authorized Line of Credit

The Company has an authorized line of credit for a maximum amount of $200,000, $50,000 of which is available at all times and does not take into consideration the margining. When using the line of credit in an amount varying from $50,000 and $100,000, the available credit is limited to an amount that is equal to 75% of Canadian accounts receivable and 65% of foreign accounts receivable plus 50% of inventories of raw materials and finished goods. If the amount used exceeds $100,000, the credit available is limited to an amount equal to 75% of Canadian accounts receivable and 90% of insured foreign accounts receivable plus 50% of inventories of raw materials and finished goods. This line of credit bears interest at the financial institution's prime rate plus 2% and is repayable on a weekly basis by $5,000 tranches. It is secured by a first-rank movable hypothec for an amount of $750,000 on the universality of receivables and inventories. The credit line was not used as at August 31, 2017 and 2016.

The Company also has credit cards for a maximum of $75,000 to finance its current operations. The balance used on these credit cards bears interest at the financial institution's prime rate plus 8.5%.

10. Accounts payable and accrued liabilities

	As at August 31, 2017	As at August 31, 2016
	$	$
Suppliers	**1,460,847**	875,027
Salaries, employee benefits and others	**575,582**	423,716
Other liabilities	**873,087**	743,130
Total	**2,909,516**	2,041,873

11. Deferred Revenues

a) Licensing Agreement

On April 15, 2014, the Company announced it had entered into an agreement with Abiomed, Inc. ("Abiomed") in connection with its miniature optical pressure sensor technology for applications in circulatory assist devices. The Company has granted Abiomed an exclusive worldwide license to integrate its miniature pressure sensor in connection with Abiomed's circulatory assist devices. Under the agreement, Abiomed will pay Opsens an aggregate amount of US$6,000,000. $1,647,000 (US$1,500,000) has been paid on closing, while the balance will be disbursed based on the achievement of certain milestones.

The Company applies the principles of IAS 18, *Revenue*, to record revenues arising from the agreement with Abiomed. Therefore, the amount of $1,647,000 (US$1,500,000) paid on closing is recognized over the term of the agreement. Revenues from milestone payments will be limited to costs incurred as long as the milestones are not achieved. Upon the achievement of a milestone, the unrecognized portion of the milestone will be recorded as revenues. During the year ended August 31, 2017, an amount of $366,412 ($367,416 for the year ended August 31, 2016) related to the Abiomed agreement has been recognized as licensing revenues in the consolidated statements of loss and comprehensive loss.

For the year ended August 31, 2017, the Company achieved a technical milestone related to the agreement with Abiomed and consequently, it allows the Company to record, in the consolidated statements of loss and comprehensive loss as licensing revenues an amount of $1,007,750 (US$750,000).

b) Other Deferred Revenues

Deferred revenues also comprise contracts where billings exceed contract costs incurred to date plus recognized profits less recognized losses or when the Company receives payments in advance of meeting the revenue recognition criteria.

12. Long-term Debt

	As of August 31, 2017	As of August 31, 2016
	$	$
Contributions repayable to Ministère des Finances et de l'Économie (MFE), without interest (effective rate of 9%), repayable in five equal and consecutive annual instalments of $82,718, maturing in February 2020.		
Debt balance	**248,153**	330,872
Imputed interest	**(30,583)**	(52,841)
	217,570	278,031
Contributions repayable to Canada Economic Development, without interest (effective rate of 13.5%), repayable in twenty equal and consecutive quarterly instalments of $15,000, maturing in August 2020.		
Debt balance	**180,000**	240,000
Imputed interest	**(32,601)**	(54,664)
	147,399	185,336
Contributions repayable to Canada Economic Development, without interest (effective rate of 12%), repayable in 59 equal and consecutive monthly instalments of $3,333 and a final payment of $3,353, maturing in October 2023. The difference between amounts received and estimated fair value is recognized as government grants.		
Debt balance	**200,000**	65,137
Imputed interest	**(65,601)**	(26,054)
	134,399	39,083
Secured loan from Export Development Canada, bearing interest at prime rate plus 2.0%, 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 $10,417, maturing in April 2018. Amounts received are net of transaction costs of $2,500.	**332,156**	456,241
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 forty-eight monthly instalments of $18,750, maturing in May 2020. Amounts received are net of transaction costs of $9,000.	**613,644**	780,471
Reimbursed during the year	**-**	45,492
	1,445,168	1,784,654
Current portion	**439,438**	481,248
	1,005,730	1,303,406

12. Long-term Debt (continued)

The annual principal instalments due on the long-term debt are $439,438 in 2018, $486,210 in 2019, $412,585 in 2020, $29,718 in 2021 and $33,285 in 2022.

Under the terms and conditions of the agreements on long-term debt with its lenders, the Company is subject to certain covenants with respect to maintaining minimum financial ratios. As at August 31, 2017 and 2016, these financial ratios were met by the Company.

13. Convertible Debenture

	As at August 31, 2017	As at August 31, 2016
	$	$
Debt component reported as liability (US$2,198,125; US$2,144,864 as at August 31, 2016)	**2,755,572**	2,813,204
Embedded derivative reported as liability (US$875,600; US$746,900 as at August 31, 2016)	**1,097,653**	979,635
Total	**3,853,225**	3,792,839

On November 19, 2012, the Company issued a US$2,000,000 subordinated secured convertible debenture maturing November 19, 2017. The convertible debenture bears interest at a rate of 2.0% per annum, payable at maturity. At the holder's option, the convertible debenture may be converted into common shares of the Company at any time up to the maturity date, at a conversion price representing the market price of the shares. However, the conversion price is subject to a minimum of $0.50 and a maximum of $0.75 per common share (the "conversion price").

The convertible debenture is also convertible at the Company's option at the conversion price if the volume-weighted average closing price per common share for the twenty trading days immediately preceding the fifth trading day before such conversion date is at least $1.20 and if a minimum of 50,000 common shares have traded on the TSX Exchange during each of the twenty trading days taken into account in the calculation of the conversion price.

To secure the repayment of the convertible debenture, a movable hypothec on certain equipment has been given. As at August 31, 2017, the net book value of property, plant and equipment pledged as collateral was nil (nil as at August 31, 2016). This hypothec ranks second to certain long-term debts of the Company.

As noted above, the convertible debenture contains a conversion option that will result in an obligation to deliver a fixed amount of equity in exchange of a variable amount of convertible debenture when translated in the functional currency of the Company. Consequently, under IAS 32, "Financial Instruments: Presentation", the convertible debenture is accounted for as a compound instrument with a debt component and a separate embedded derivative representing the conversion option. Both the debt and embedded derivative components of this compound financial instrument are measured at fair value on initial recognition. The debt component is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date, with gains and losses in fair value recognized through profit or loss.

13. Convertible Debenture (continued)

Expenses associated with the debenture consist of:

	Years ended August 31,	
	2017	2016
	$	$
Interest expense	**57,103**	56,659
Accretion interest	**12,876**	12,970
Change in fair value of embedded derivative	**163,745**	732,425
Total	**233,724**	802,054

As at August 31, 2017, the debt component of the convertible debenture has a fair value of $2,143,900 ($1,905,700 as at August 31, 2016).

14. Share Capital, Stock Options and Warrants

a) Share capital

The Company has authorized an unlimited number of common shares (being voting and participating shares) with no par value.

On December 8, 2016, the Company completed a public offering for aggregate gross proceeds of $14,950,500. In connection with the offering, the Company issued a total of 9,967,000 shares at a price of $1.50 per share.

Expenses of the offering include underwriting fees of $889,530 and other professional fees and miscellaneous fees of $305,403 for total fees of $1,194,933.

On May 16, 2016, the Company completed a non-brokered private placement offering for aggregate gross proceeds of $4,999,050. In connection with the offering, the Company issued a total of 4,761,000 units at a price of $1.05 per unit. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.55 until November 16, 2017. The value of one-half of one common share purchase warrant was established at $0.08.

Expenses of the offering include professional fees and miscellaneous fees for total fees of $102,563. The fees have been allocated on a prorata basis between share capital and the warrants reserve, $94,749 and $7,814 respectively, based on the ratio established by their respective values as discussed above.

On December 22, 2015, the Company completed a public offering for aggregate gross proceeds of $5,000,000. In connection with the offering, the Company issued a total of 5,681,819 units at a price of $0.88 per unit. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.20 until June 22, 2017. The value of one-half of one common share purchase warrant was established at $0.10.

Expenses of the offering include underwriting fees of $276,202 and other professional fees and miscellaneous fees of $323,713 for total fees of $599,915 of which $598,559 have been paid and $1,356 are included in accounts payable and accrued liabilities.

14. Share Capital, Stock Options and Warrants (continued)

a) Share capital (continued)

The Company also issued 313,886 broker warrants as additional compensation, each warrant entitling the holder to purchase one common share of the Company at a price of $0.88 until June 22, 2017. The value of one broker warrant was established at $0.29.

The total fees of $599,915 and the broker warrants value of $91,027 have been allocated on a prorata basis between share capital and the warrants reserve, $612,179 and $78,763 respectively, based on the ratio established by their respective values as described above.

Concurrently with the public offering, the Company completed a non-brokered private placement offering of 184,400 units at a price of $0.88 per unit for aggregate gross proceeds of $162,272. Each unit comprises the same terms and conditions than the units issued under the public offering. Expenses related to the private placement amounted to $10,083. The fees have been allocated on a prorata basis between share capital and the warrants reserve, $8,937 and $1,146 respectively, based on the ratio established by their respective values as discussed above.

During the year ended August 31, 2017, following the exercise of stock options, the Company issued 1,074,250 common shares (574,250 common shares for the year ended August 31, 2016) for a cash consideration of $426,126 ($219,166 for the year ended August 31, 2016). As a result, an amount of $223,560 was reallocated from “Reserve – Stock option plan” to “Share capital” in shareholders’ equity ($139,168 for the year ended August 31, 2016).

During the year ended August 31, 2017, following the exercise of warrants, the Company issued 1,870,528 common shares (790,316 common shares for the year ended August 31, 2016) for a cash consideration of $2,144,197 ($581,630 for the year ended August 31, 2016). As a result, an amount of $354,443 was reallocated from “Reserve – Warrants” to “Share capital” in shareholders’ equity ($33,013 for the year ended August 31, 2016).

b) Stock options

The Shareholders approved the stock option plan on January 24, 2017 because, according to the policies of the TSX Exchange, the stock option plan must be approved by the Company’s shareholders every three year. The number of common shares reserved by the Board of Directors for options granted under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The plan is available to the Company’s directors, consultants, officers and employees.

The stock option plan stipulates that the terms of the options and the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by the TSX Exchange. The exercise period cannot exceed five years, beginning on the grant date. These options generally vest over a four-year period, except for 700,000 outstanding stock options granted (600,000 stock options granted as at August 31, 2016), which were completely vested at grant date. The exercise price of the options is the closing price of the shares of the Company on the TSX Exchange on the trading day immediately preceding the date of grant.

The compensation expense in regards to the stock option plan for the year ended August 31, 2017 is $864,054 ($451,096 for the year ended August 31, 2016).

14. Share Capital, Stock Options and Warrants (continued)

b) Stock options *(continued)*

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

	Years ended August 31,	
	2017	2016
Risk-free interest rate	**Between 0.50% and 1.39%**	Between 0.32% and 0.80%
Volatility	**Between 49.98% and 102.25%**	Between 62% and 112%
Dividend yield on shares	**Nil**	Nil
Expected life	**0 to 5 years**	0 to 5 years
Weighted share price	**$1.49**	$0.95
Weighted fair value per option at the grant date	**$0.70**	$0.55

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.

The expected volatility is based on the historical volatility of the underlying share price for a period equivalent to the expected life of the options.

The situation of the outstanding stock option plan and the changes that took place between August 31, 2015 and August 31, 2017 are as follows:

	Number of options	Weighted-average exercise price
		$
Outstanding as at August 31, 2015	3,542,750	0.50
Options granted	2,154,750	0.95
Options exercised	(574,250)	0.38
Options cancelled	(93,750)	0.79
Outstanding as at August 31, 2016	5,029,500	0.70
Options granted	2,992,750	1.49
Options exercised	(1,074,250)	0.40
Options cancelled	(981,750)	1.03
Outstanding as at August 31, 2017	5,966,250	1.10
Options exercisable as at August 31, 2017	2,200,188	0.81

14. Share Capital, Stock Options and Warrants (continued)

b) Stock options *(continued)*

The table below provides information on the outstanding stock options as at August 31, 2017:

Exercise price	Number of outstanding stock options	Number of exercisable stock options	Weighted-average remaining contractual life (years)
$			
0.24	40,000	40,000	0.24
0.25	549,500	549,500	0.39
0.44	100,000	75,000	1.13
0.68	150,000	75,000	2.06
0.69	140,000	140,000	2.38
0.70	400,000	100,000	3.02
0.72	100,000	50,000	2.23
0.75	288,000	216,000	1.65
0.85	120,000	100,000	1.23
0.90	200,000	50,000	3.39
0.93	458,500	113,688	3.37
0.94	362,000	184,750	2.60
1.20	95,000	68,750	3.63
1.28	222,500	-	4.82
1.33	350,000	-	4.77
1.34	207,500	-	5.00
1.41	400,000	-	4.07
1.49	205,000	-	4.63
1.50	100,000	100,000	4.02
1.55	810,000	100,000	4.21
1.66	150,000	37,500	3.94
1.68	518,250	200,000	4.40
1.10	5,966,250	2,200,188	3.28

14. Share Capital, Stock Options and Warrants (continued)

c) Warrants

The situation of the outstanding warrants and the changes that took place between August 31, 2015 and August 31, 2017 are as follows:

	Number of warrants	Weighted-average exercise price
		$
Outstanding as at August 31, 2015	3,450,426	0.98
Issued with units (note 14a)	5,313,610	1.36
Issued to brokers (note 14a)	313,886	0.88
Warrants expired	(2,670,110)	1.05
Warrants exercised (note 14a)	(790,316)	0.74
Outstanding as at August 31, 2016	5,617,496	1.33
Warrants expired	(1,366,468)	1.20
Warrants exercised (note 14a)	(1,870,528)	1.14
Outstanding as at August 31, 2017	2,380,500	1.55
Warrants exercisable as at August 31, 2017	2,380,500	1.55

15. Net Loss per Share

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

	Years ended August 31,	
	2017	2016
	$	$
Net loss attributable to shareholders		
Basic and diluted	**(6,537,043)**	(9,281,669)
Number of shares		
Basic and diluted weighted-average number of shares outstanding	**80,954,643**	66,735,651
Amount per share		
Net loss per share		
Basic	**(0.08)**	(0.14)
Diluted	**(0.08)**	(0.14)

15. Net Loss per Share (continued)

Stock options, warrants and the convertible debenture are excluded from the calculation of the diluted weighted-average number of shares outstanding when their exercise price is greater than the average market price of common shares or when their effect is antidilutive. The number of such stock options, warrants and the nominal value of the convertible debenture is presented below:

	Years ended August 31,	
	2017	2016
Stock options	**1,783,250**	297,500
Warrants	**2,380,500**	5,303,610
Convertible debenture	**US$2,000,000**	US$2,000,000

For the years ended August 31, 2017 and 2016, the diluted amount per share was the same amount as the basic amount per share, since the dilutive effect of stock options, warrants and convertible debenture was not included in the calculation; otherwise, the effect would have been antidilutive. Accordingly, the diluted amount per share for these years was calculated using the basic weighted average number of shares outstanding.

16. Additional Information on the Consolidated Statements of Cash Flows

	Years ended August 31,	
	2017	2016
	$	$
Changes in non-cash operating working capital items		
Trade and other receivables	**(2,237,512)**	(1,420,333)
Tax credits receivable	**(390,537)**	(15,000)
Inventories	**(1,389,684)**	(1,219,054)
Prepaid expenses	**(190,552)**	(139,365)
Accounts payable and accrued liabilities	**780,518**	368,243
Warranty provision	**(48,960)**	93,870
Deferred revenues	**(366,412)**	(609,943)
Deferred lease inducement	**(77,747)**	927,698
	(3,920,886)	(2,013,884)
Supplementary information		
Tax credits recorded against property, plant and equipment	**161,138**	-
Unpaid acquisition of property, plant and equipment	**158,865**	18,049
Unpaid additions to intangible assets	**5,945**	59,636

	As at August 31, 2017	As at August 31, 2016
	$	$
Cash and cash equivalents		
Cash	**794,470**	454,740
Short-term investments	**11,775,829**	5,448,300
	12,570,299	5,903,040

17. Commitments

Leases

The Company leases offices in Québec under operating leases expiring on April 30, 2018 and September 30, 2025. The main agreement is renewable for an additional five-year period.

Future payments for the leases, totalling $4,890,902, required in each of the forthcoming years are as follows:

	$
2018	669,101
2019	555,236
2020	567,747
2021	580,962
2022	593,349
Thereafter	1,924,507

In 2017, the offices lease expense is $801,600 ($909,969 in 2016).

18. Contractual Guarantees

During the normal course of business, the Company replaces defective parts under warranties offered at the sale of the products. The term of the warranties is generally 12 months. During the year ended August 31, 2017, the Company recognized an expense of $12,130 ($93,870 for the year ended August 31, 2016) for guarantees. A provision of $128,910 is recorded for guarantees as at August 31, 2017 ($177,870 as at August 31, 2016). The following table summarizes changes in warranty provision:

	Years ended August 31,	
	2017	2016
	$	$
Balance – Beginning of year	**177,870**	84,000
Provisions recognized	**12,130**	93,870
Amounts used during the period	**(61,090)**	-
Balance – End of year	**128,910**	177,870

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.

19. Government Assistance

Under an agreement entered into with Canada Economic Development, the Company may receive a refundable contribution of a maximum amount of $200,000, non-interest bearing, to cover expenses related to the commercialization of its FFR products. This contribution is paid out based on presentation by the Company of invoices related to specific expenses since May 22, 2015. During the year ended August 31, 2017, the Company received an amount of $134,863 ($65,137 for the year ended August 31, 2016) for which an amount of $48,416 ($27,858 for the year ended August 31, 2016) was recognized against administrative and sales and marketing.

20. Income Taxes

The reconciliation of the income tax provision calculated using the combined Canadian federal and provincial statutory income tax rate with the income tax provision in the consolidated financial statements is as follows:

	Years ended August 31,	
	2017	2016
	$	$
Income tax payable using the combined federal and provincial statutory tax rate (26.8%; 26.9% in 2016)	**(1,754,705)**	(2,498,200)
Non-deductible expenses and others	**893,561**	1,317,525
Deductible financing fees	**(157,252)**	(98,835)
Taxable income	**(98,321)**	(95,929)
Non-taxable income tax credits	**(101,430)**	(114,103)
Losses carried forward	**1,218,147**	1,489,542
Income tax using effective income tax rate	**-**	-

As at August 31, 2017, the Company has tax losses of approximately $22,276,400 for federal purposes and $21,701,400 for provincial purposes that can be used to reduce future taxable income. These losses expire as follows:

	Federal	Provincial
	$	$
2024	515,000	463,000
2025	42,000	40,000
2026	400	400
2027	1,552,000	1,509,000
2028	716,000	692,000
2029	1,404,000	1,214,000
2030	500,000	500,000
2031	2,123,000	2,146,000
2032	1,285,000	1,280,000
2033	237,000	239,000
2034	1,091,000	1,125,000
2035	2,513,000	2,510,000
2036	5,759,000	5,493,000
2037	4,539,000	4,490,000
	22,276,400	21,701,400

20. Income Taxes (continued)

The Company also has undeducted research and development expenses of $9,211,000 ($8,205,000 as at August 31, 2016) for federal purposes and $12,203,000 ($10,920,000 as at August 31, 2016) for provincial purposes that are deferred over an undetermined period.

Deferred income tax assets related to unclaimed tax losses, financing costs, research and development expenses and others as well as non-refundable scientific research tax credits adding up to approximately $12,680,000 ($10,974,000 as at August 31, 2016) were not recognized due to the uncertainty concerning the Company's ability to generate taxable income. In addition, deferred tax liabilities of approximately $701,000 ($672,000 as at August 31, 2016) related to federal investment tax credits on property, plant and equipment were recognized and offset by a deferred income tax asset.

21. Tax Credits for Scientific Research and Experimental Development

For tax purposes, research and development expenses are detailed as follows:

	Years ended August 31,	
	2017	2016
	$	$
Federal	**1,548,000**	1,499,000
Provincial	**1,598,000**	1,539,000

These expenses have enabled the Company to become eligible for scientific research and experimental development tax credits reimbursable for the following amounts:

	Years ended August 31,	
	2017	2016
	$	$
Federal	**-**	-
Provincial	**378,000**	365,000
	378,000	365,000

These credits were recorded in research and development expenses in the consolidated statements of loss and comprehensive loss.

Reimbursable scientific research and experimental development income tax credits earned for the year ended August 31, 2017 and 2016 have not yet been reviewed by the taxation authorities, and the amounts granted could differ from those that have been recorded.

Over the years, the Company qualified for federal income tax credits for scientific research and experimental development, which were non-refundable and could be used against Part I Company tax. The accumulated credits for the year ended August 31, 2017 are about $2,643,000 ($2,496,000 as at August 31, 2016) and expire over a period of 7 to 20 years beginning in 2017.

22. Segmented Information

Segment's Information

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

Medical segment: In this segment, Opsens focuses mainly on the measure of FFR in interventional cardiology.

Industrial: In this segment, Opsens' develops, manufactures and installs innovative fiber optic sensing solutions for critical applications such as the monitoring of oil wells and other 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 operations and are measured at the exchange amount, which approximates prevailing prices in the markets.

	Years ended August 31,					
			2017			2016
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**16,269,011**	**1,482,985**	**17,751,996**	6,429,256	3,171,561	9,600,817
Internal sales	**-**	**269,505**	**269,505**	-	413,982	413,982
Gross margin	**6,886,549**	**610,992**	**7,497,541**	1,041,707	591,105	1,632,812
Depreciation of property, plant and equipment	**608,453**	**90,163**	**698,616**	443,355	105,875	549,230
Amortization of intangible assets	**75,927**	**14,566**	**90,493**	64,543	8,224	72,767
Financial expenses (revenues)	**(289,936)**	**282,743**	**(7,193)**	(167,106)	223,970	56,864
Change in fair value of embedded derivative	**163,745**	**-**	**163,745**	732,425	-	732,425
Net loss	**(4,879,287)**	**(1,659,988)**	**(6,539,275)**	(7,247,523)	(2,031,912)	(9,279,435)
Acquisition of property, plant and equipment	**490,155**	**9,024**	**499,179**	2,934,675	131,924	3,066,599
Additions to intangible assets	**86,285**	**18,515**	**104,800**	108,264	54,376	162,640
Segment assets	**25,992,083**	**1,617,718**	**27,609,801**	14,281,597	2,579,879	16,861,476
Segment liabilities	**9,487,517**	**156,960**	**9,644,477**	8,973,258	575,795	9,549,053

22. Segmented Information (continued)

The Company's net loss per reportable segments reconciles to its consolidated financial statements as follows:

	Years ended August 31, 2017	2016
	$	$
Gross margin per reportable segments	**7,497,541**	1,632,812
Elimination of inter-segment profits	**2,232**	(2,234)
Gross margin	**7,499,773**	1,630,578
Net loss per reportable segments	**(6,539,275)**	(9,279,435)
Elimination of inter-segment profits	**2,232**	(2,234)
Net loss and comprehensive loss	**(6,537,043)**	(9,281,669)

Geographic sector's information

	Years ended August 31, 2017	2016
	$	$
Revenue per geographic sector		
Japan	**6,586,561**	3,521,669
United States	**5,100,077**	1,506,971
Canada	**1,625,567**	2,207,299
Other*	**4,439,791**	2,364,878
	17,751,996	9,600,817

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

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

During the year ended August 31, 2017, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. 40% (medical's reportable segment) and 17% (medical's reportable segment).

During the year ended August 31, 2016, revenues from one client represented individually more than 10% of the total revenues of the Company, i.e. 37% (medical's reportable segment).

23. Related-party Transactions

In the normal course of its operations, the Company has entered into transactions with related parties.

	Years ended August 31,	
	2017	2016
	$	$
Professional fees paid to a company controlled by a director	**59,134**	29,248

Fees are incurred for the Company's FFR activities.

Key management personnel, having authority and responsibility for planning, directing and controlling the activities of the Company, comprise the Chief Executive Officer, the Chief Financial Officer, the Business Unit Manager of Opsens Solutions Inc. and other vice presidents. Compensation of key management personnel during the year were as follows:

	Years ended August 31,	
	2017	2016
	$	$
Short-term salaries and other benefits	**1,180,834**	1,317,208
Option-based awards	**83,715**	95,646
	1,264,549	1,412,854

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

24. Additional Information to the Consolidated Statements of Loss and Comprehensive Loss

	Years ended August 31,	
Expenses (income) by function	**2017**	2016
	$	$
Salaries & Other Benefits	**9,866,131**	**7,604,580**
Cost of sales		
Administrative		
Sales and marketing		
Research and development		
Depreciation of Property, Plant and Equipment	**698,616**	**549,230**
Cost of sales		
Administrative		
Sales and Marketing		
Research and development		
Amortization of Intangible Assets	**90,493**	**72,767**
Administrative		
Research and development		
Government Assistance	**(48,416)**	**(113,054)**
Cost of sales		
Administrative		
Sales and marketing		
Research and development		
Income tax credits for research and development	**(390,537)**	**(424,173)**
Research and development		

25. Financial Instruments

Fair Value

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

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

25. Financial Instruments (continued)

Fair Value (continued)

The fair value of the convertible debenture is based on the discounted value of future cash flows under the current financial arrangements at the interest rate the Company expects to currently negotiate for loans with similar terms and conditions and maturity dates. The fair value of the debt component of the convertible debenture approximates $2,143,900 as at August 31, 2017 ($1,905,700 as at August 31, 2016) and is classified at level 2 in the fair value hierarchy.

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

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

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

Level 2 – Quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

	As at August 31, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
Financial assets (liabilities) measured at fair value:				
Convertible debenture – embedded derivative	**(1,097,653)**	**-**	**(1,097,653)**	**-**

	As at August 31, 2016			
	Total	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
Financial assets (liabilities) measured at fair value:				
Convertible debenture – embedded derivative	(979,635)	-	(979,635)	-

25. Financial Instruments (continued)

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

As explained in note 13, the convertible debenture contains an embedded derivative that must be measured at fair value at each reporting date with gains and losses in fair value recognized through profit or loss. One of the most significant assumptions impacting the Company's valuation of this embedded derivative is the implied volatility. The fair value of the convertible debenture was determined using the Black-Scholes pricing model using an implied volatility of 51% (55% in 2016), a discount rate of 1.26% (0.57% in 2016) and an expected life of 0.2 years (1.2 years in 2016). A 1% change in the implied volatility factor would have changed the fair value of the embedded derivative by $6,143 ($9,575 for the year ended August 31, 2016).

Risk Management

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

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses. The Company's exposure to credit risk currently relates to cash and cash equivalents and to trade and other receivables. The Company's credit risk management policies include the authorization to carry out investment transactions with recognized financial institutions with credit ratings of at least A and higher, in either bonds, money market funds or guaranteed investment certificates. Consequently, the Company manages credit risk by complying with established investment policies.

The credit risk associated with trade and other receivables is generally considered normal as trade receivables consist of a large number of customers spread across diverse geographical areas. Generally, the Company does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs ongoing credit reviews of all of its customers and establishes an allowance for doubtful accounts when accounts are determined to be at risks and/or uncollectible. Two major customers represented 34% of the Company's total accounts receivable as at August 31, 2017 (50% as at August 31, 2016).

As at August 31, 2017, 37% (56% as at August 31, 2016) of the accounts receivable were of more than 90 days whereas 34% (30% as at August 31, 2016) of those were less than 30 days. The maximum exposure to the risk of credit for accounts receivable corresponded to their book value. As at August 31, 2017, the allowance for doubtful accounts was established at $940,929 ($491,623 as at August 31, 2016).

Liquidity Risk

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

25. Financial Instruments (continued)

Risk Management (continued)

Liquidity Risk (continued)

The following are the contractual maturities of the financial liabilities (principal and interest, assuming current interest rates) as at August 31, 2017 and August 31, 2016:

August 31, 2017	Carrying amount	Cash flows	0 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$
Accounts payable and accrued liabilities	**2,909,516**	**2,909,516**	**2,909,516**	**-**	**-**
Long-term debt	**1,445,168**	**1,580,231**	**492,722**	**526,052**	**561,457**
Convertible debenture	**3,853,225**	**2,770,358**	**2,770,358**	**-**	**-**
Total	**8,207,909**	**7,260,105**	**6,172,596**	**526,052**	**561,457**

August 31, 2016	Carrying amount	Cash flows	0 to 12 months	12 to 24 months	After 24 months
	$	$	$	$	$
Accounts payable and accrued liabilities	2,041,873	2,041,873	2,041,873	-	-
Long-term debt	1,784,654	1,930,582	530,651	502,285	897,646
Convertible debenture	3,792,839	2,898,533	-	2,898,533	-
Total	7,619,366	6,870,988	2,572,524	3,400,818	897,646

Interest Rate Risk

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

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

Interest Rate Sensitivity Analysis

Interest rate risk exists when interest rate fluctuations modify the cash flows or the fair value of the Company's investments and embedded derivative. The Company owns investments with fixed interest rates. As at August 31, 2017, the Company was holding more than 94% (92% as at August 31, 2016) of its cash and cash equivalents in all-time redeemable term deposits.

All else being equal, a hypothetical 1% interest rate increase or decrease wouldn't have a significant impact on net loss and comprehensive loss for the year ended August 31, 2017 (not significant for the year ended August 31, 2016).

25. Financial Instruments (continued)

Risk Management (continued)

Financial expenses (revenues)

	Years ended August 31,	
	2017	2016
	$	$
Interest and bank charges	**56,323**	57,298
Interest on long-term debt	**70,379**	44,967
Interest and accreted interest on convertible debenture (note 13)	**69,979**	69,629
Gain on foreign currency translation	**(19,374)**	(3,988)
Interest income	**(184,500)**	(111,042)
	(7,193)	56,864

Concentration Risk

Concentration risk exists when investments are made with multiple entities that share similar characteristics or when a large investment is made with a single entity. As at August 31, 2017 and 2016, the Company was holding 100% of its cash equivalents portfolio in all-time redeemable term deposits with financial institutions with high creditworthiness.

Foreign Exchange Risk

The Company realizes certain sales and purchases and certain supplies and professional services in US dollars, Euros and British pound. Therefore, it is exposed to foreign currency fluctuations. The Company does not actively manage this risk.

Foreign Currency Sensitivity Analysis

For the year ended August 31, 2017, if the Canadian dollar had strengthened 10% against the US dollar with all other variables held constant, net loss and comprehensive loss would have been $79,000 higher ($260,000 lower for the year ended August 31, 2016). Conversely, if the Canadian dollar had weakened 10% against the US dollar with all other variables held constant, net loss and comprehensive loss would have been $79,000 lower for the year ended August 31, 2017 ($260,000 higher for the year ended August 31, 2016).

For the year ended August 31, 2017, if the Canadian dollar had strengthened 10% against the Euros with all other variables held constant, net loss and comprehensive loss would have been $322,000 higher ($159,000 higher for the year ended August 31, 2016). Conversely, if the Canadian dollar had weakened 10% against the Euros with all other variables held constant, net loss and comprehensive loss would have been $322,000 lower for the year ended August 31, 2017 ($159,000 lower for the year ended August 31, 2016).

For the year ended August 31, 2017, if the Canadian dollar had strengthened 10% against the British pound with all other variables held constant, net loss and comprehensive loss would have been $10,000 higher ($42,000 higher for the year ended August 31, 2016). Conversely, if the Canadian dollar had weakened 10% against the British pound with all other variables held constant, net loss and comprehensive loss would have been $10,000 lower for the year ended August 31, 2017 ($42,000 lower for the year ended August 31, 2016).

25. Financial Instruments (continued)

Risk Management (continued)

Foreign Currency Sensitivity Analysis (continued)

As at August 31, 2017 and August 31, 2016, the risk to which the Company was exposed is established as follows:

	As at August 31, 2017	As at August 31, 2016
	$	$
Cash and cash equivalents (US$252,720; US$125,202 as at August 31, 2016)	**316,810**	163,903
Cash and cash equivalents (Euro 28,968; Euro 22,450 as at August 31, 2016)	**43,125**	32,842
Cash and cash equivalents (British pound 64; nil as at August 31, 2016)	**103**	-
Trade and other receivables (US$1,741,221; US$440,847 as at August 31, 2016)	**2,182,794**	578,410
Trade and other receivables (Euro 625,813; Euro 205,129 as at August 31, 2016)	**931,647**	300,083
Trade and other receivables (British pound 116,377; British pound 85,745 as at August 31, 2016)	**188,463**	147,679
Accounts payable and accrued liabilities (US$757,978; US$317,632 as at August 31, 2016)	**(950,202)**	(416,288)
Accounts payable and accrued liabilities (Euro 4,408; nil as at August 31, 2016)	**(6,563)**	-
Accounts payable and accrued liabilities (British pound 830; nil as at August 31, 2016)	**(1,342)**	-
Convertible debenture (US$2,198,125; US$2,144,864 as at August 31, 2016)	**(2,755,572)**	(2,813,204)
Embedded derivative (US$875,600; US$746,900 as at August 31, 2016)	**(1,097,653)**	(979,635)
Total	**(1,148,390)**	(2,986,210)

26. Capital Management

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

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

As at August 31, 2017, the Company's working capital amounted to $15,909,209 ($9,502,625 as at August 31, 2016), including cash and cash equivalents of $12,570,299 ($5,903,040 as at August 31, 2016). The accumulated deficit at the same date was $37,076,057 ($30,539,014 as at August 31, 2016). Based on the Company's assessment, which takes into account current cash and cash equivalents, as well as its strategic plan and corresponding budgets and forecasts, the Company believes that it has sufficient liquidity and financial resources to fund planned expenditures and other working capital needs for at least, but not limited to, the 12-month period following the consolidated statements of financial position date of August 31, 2017.

26. Capital Management (continued)

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

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

For the years ended August 31, 2017 and 2016, the Company has not been in default under any of its obligations regarding the long-term debt.

27. Subsequent event

On September 1, 2017, the Company achieved a technical milestone related to the agreement with Abiomed and the Company received a payment, amounting to $936,900 (US$750,000) that will be recorded as licensing revenues in the consolidated statements of loss and comprehensive loss for fiscal year 2018.

On September 7, 2017, the Company has signed a loan agreement amounting to a maximum of $216,000 for acquisition of property, plant and equipment.

On September 8, 2017, the Company has signed an agreement amounting to $1,574,734 with a supplier for raw material purchases for the next 24 months.

28. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on November 14, 2017.

Governance

DIRECTORS

Denis M. Sirois
Chairman

Louis Laflamme
President and Chief Executive Officer

Claude Belleville
Vice President, Medical Devices

Gaétan Duplain
President, Opsens Solutions

Denis Harrington
Director

Jean Lavigueur
Director

Pat Mackin
Director

OFFICERS

Louis Laflamme, CPA, CA
President and Chief Executive Officer

Claude Belleville
Vice President, Medical Devices

Gaétan Duplain
President, Opsens Solutions

Robin Villeneuve, CPA, CA
Chief Financial Officer and Corporate Secretary

Corporate information

HEAD OFFICE

750 boulevard du Parc-Technologique
Quebec, QC G1P 4S3
Telephone: 418.781.0333
Fax: 418.781.0024

INVESTOR RELATIONS

For information about Opsens Inc. or to be placed on the mailing list for quarterly reports and news releases, contact Marie-Claude Poitras at the head office or marie-claude.poitras@opsens.com.

STOCK EXCHANGE LISTING

Toronto Stock Exchange – Symbol: OPS
OTCQX – Symbol: OPSSF

AUDITORS

Deloitte S.E.N.C.R.L./s.r.l, Québec, QC

SHARES OUTSTANDING

85,540,816 (at August 31, 2017)

AST Trust Company (AST) (Canada)
2001 boulevard Robert-Bourassa, suite 1600
Montreal, QC H3A 2A6
Telephone: 1.800.387.0825

ANNUAL MEETING OF SHAREHOLDERS

Will be held at Opsens' head office:
750 boulevard du Parc-Technologique
Quebec, QC G1P 4S3
Tuesday, January 23, 2018 – 10:30 a.m.

Opsens' Markets

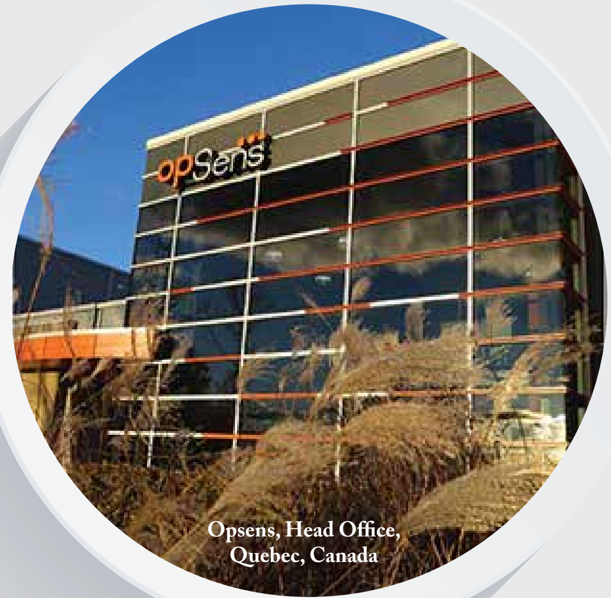
Interventional Cardiology - Measurement of FFR

Opsens' OptoWire, one guidewire from start to finish

Electrical pressure guidewires account for the largest share of the FFR market today. Opsens has revolutionized the offer with its OptoWire, a guidewire instrumented with an optical sensor, which, unlike wires instrumented with electrical sensors, is not affected by procedural contaminants, offers reliable pressure measurement and the ability to deliver stents on the wire, the freedom to reconnect and measure after the intervention. In the United States, in Europe, in Japan and in Canada, the OptoWire has proven itself in clinical uses and has been the subject of scientific articles that strengthen its profile among cardiologists, and most recently in the Cardiovascular Intervention and Therapeutics. According to the results obtained with 90 OptoWire units, it might be reasonable to use Opsens' guidewire as a workhorse guidewire in percutaneous coronary interventions.

Opsens is a leader in optical pressure measurement technology. Its intellectual property is protected by 10 patents.

Opsens is based in Quebec (Canada). It is registered with the FDA and has the ISO 13485 certification. The facility is equipped with a 5,500 ft^2 clean room for production and assembly of its products. The company has 130 employees.



Opsens, Head Office, Quebec, Canada


Opsens, Clean room

Industrial - Growing Markets

Opsens' versatile technologies can answer needs in key, valuable markets. There is a positive sentiment around our single-point measurement technology in leading areas. This growing interest stems from the fact that traditional technologies do not perform as expected under certain conditions, opening avenues for Opsens' fiber optic technology.

Opsens capitalizes on its easily adaptable technology and invests to offer applications to growing markets, like semiconductors, aerospace and various other applications.