Bluedrop Releases Q2 2016 Financial Results

Q2 Revenues Reach Record Levels up by 57% with Increased Simulator Sales

ST. JOHN'S, Newfoundland and Labrador--(BUSINESS WIRE)--May 25, 2016--Bluedrop Performance Learning ("Bluedrop") (TSX-V:BPL) today reported its financial results for the three months ended March 31, 2016.

Revenue for the three months ended March 31, 2016 was $8.4 million, up from $5.3 million, an increase of 57% on the same period in the previous year. Gross profit for the period was $3.5 million, an increase of $1.3 million over the three-month period ended March 31, 2015. Pre-tax income was $0.7 million for the three-month period compared to nil in the same period in the previous year. After tax income for the period was $0.4 million compared to after tax income of nil for the same period in the previous year.

The large revenue increase was mostly associated with the previously announced sale of visual systems upgrades for the Canadian Forces flight training program simulators in Southport, Manitoba to KF Aerospace. This system was substantively delivered in the quarter with some commissioning and certifications to be completed in Q3 with the associated revenues to be recognized in that period.

The revenue increase in the Training and Simulation business unit resulted in greater profit before income taxes in the quarter, resulting in an income tax expense of $0.4 million. The income tax expense is non-cash in nature and is drawing down on deferred tax assets which arose upon recognition of the tax loss carry forwards from the acquisition and integration of Atlantis Systems Corp.

Bluedrop increased its combined Research and Development investments in the quarter to $1.1 million. The Training and Simulation business unit invested $0.7 million in the quarter. This investment was expensed in the quarter but was offset by an equal amount from our fully funded deferred development Boeing contract and therefore had no effect on pre-tax income. The Learning Networks business unit invested $0.4 million in the quarter for costs mostly associated with enhancements to the in service Bluedrop 360 platform. This investment net of $0.1 million of government assistance was expensed in the quarter.

For further details, please see the Financial Statements and Management's Discussion and Analysis for the quarter ended March 31, 2016 which are available on the Company's web site at www.bluedrop.com or on SEDAR at www.sedar.com.

Commenting on the results and year to date progress of Bluedrop, Founder and CEO Emad Rizkalla said "It was another outstanding quarter for Bluedrop financially. We saw some large contracts signed in the quarter and we increased our R&D investments. With revenues of over $14 million half way through the year, record gross profit and the early debt repayment, I believe we are on track to having a pivotal year. We invested $1.8 million in our R&D programs so far this year and as I said last quarter, I believe these new investments will shape the future for Bluedrop. I believe that we are on track to establish both divisions as market innovators in their target markets. Our solutions are providing exceptional value and we are working hard at building our market leader status. I am enormously proud of the Bluedrop team. Their passion and commitment to making a difference is the source of success."

About Bluedrop

Bluedrop Performance Learning Inc. (TSX-V: BPL) is an innovator in workplace training for individuals, corporations, military personnel and the public sector. Bluedrop is transforming the workplace globally by designing, developing and delivering practical, actionable and affordable training content and delivery platforms that improve individual and overall performance of organizations. For more information, visit www.bluedrop.com**.**

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