Bluedrop Releases 2018 Year End Financial Results

Good progress on strategic direction even with lower revenues and a loss

ST. JOHN’S, Newfoundland and Labrador--(BUSINESS WIRE)--January 28, 2019--Bluedrop Performance Learning (“Bluedrop”) (TSX-V:BPLI) today reported its audited financial results for the year ended September 30, 2018.

Revenue for the year ended September 30, 2018 was $20.0 million, down from $23.4 million, a decrease of 14%. Gross profit for the year was $8.2 million, down from $10.1 million, a decrease of 18%. Pre-tax loss for the year was $0.8 million, versus pre-tax income of $2.0 million in the prior year a decease of $2.8 million. After tax loss for the period was $0.7 million as compared to after tax income of $2.7 million in the prior year. Management’s Discussion and Analysis for the year ended September 30, 2018, which are available on the Company’s web site at http://www.bluedrop.com or on SEDAR at http://www.sedar.com.

The Company reported reduced revenues and gross profit in both business units. Revenues for the Training and Simulation group were down by $2.7 million and revenues for the Learning Networks group were down by $0.6 million. Expenses were up by $0.9 million in the year mostly as a result of a reduction in government assistance of $1.4 million. During the year the Company reduced its long-term debt by $4.1 million and ended the year with $1.6 million in cash and no draw on its banking line of credit.

The Company bought back 1.8 million shares for total consideration of $0.3 million by way of the normal course issuer bid.

The Company continued to make significant investments in research and development in the year of $3.0 million versus $2.9 million in the previous year. The Training and Simulation group invested $1.5 million in the year with most of these investments supporting the development of additional products based on the Rear Crew Mission Trainer (RCMT) and for the new stand-alone hoist and gunnery trainer products. The new stand-alone hoist system was successfully delivered to the Canadian Air Force at the Shearwater base for use with the new Cyclone, maritime helicopter program. The Learning Networks group invested $1.4 million in research and development in the year up from $1.3 million in the previous year. Learning Networks continues to build its capabilities for a unique SaaS based platform for the health and safety compliance and workforce markets.

Commenting on the overall results and progress for the year, founder and CEO Emad Rizkalla said, “This was a difficult year for Bluedrop financially, primarily due to unexpected delays in the start of long-term projects on both sides of the businesses. We experienced some delays on very significant new programs in the much larger Training and Simulation business, even as we simultaneously maintained its expense profile throughout the third and fourth quarters. This was the right decision for our staff and to ensure we had the right capacity for the programs once the projects begin. We did not lose any of the projects and expect them to start in early fiscal 2019. At the same time we continued to make strong investments in our strategy to transform Bluedrop into more of a product and proprietary technology based company. This reduced our revenues, gross profit and ultimately the net profit before income tax for the year. We remain encouraged by the market reaction to our new products and are optimistic on our sales opportunities for these devices. At the same time, we continue to position the Learning Networks business to be the enterprise grade platform and complete solution provider for the health and safety compliance markets while expanding our workforce development products. While we have made significant progress acquiring longer term contracts in the period, unfortunately the delays in procurement meant that we did not recognize revenues on any of these programs in the year. We expect to recognize revenues for these new projects in early fiscal 2019 and are optimistic about our remaining outstanding bid opportunities. Fiscal year 2018 was a difficult year financially for the short term, but looking beyond the numbers it was a very positive year in advancing our strategic goals and in building on our core technologies and our pipeline of opportunities. Thanks to our incredible team, partners and clients for another year of hard work and commitment. I remain optimistic and believe our investments and patience will be rewarded.”

About Bluedrop

Bluedrop Performance Learning Inc. (TSX-V:BPLI) 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 that improves individual and overall performance of organizations. For more information, visit www.bluedrop.com.

This news release may contain "forward-looking information" as defined in applicable Canadian securities legislation. All statements, other than statements of historical fact included in this release, constitute forward-looking information that involve various risks and uncertainties. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect, including, but not limited to, assumptions in connection with the operational efficiencies associated with the integration of technological and financial systems and general economic and market conditions. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information.

Important factors that could cause actual results to differ materially from Bluedrop’s expectations include general global economic conditions. For additional information with respect to risk factors applicable to Bluedrop, reference should be made to Bluedrop's continuous disclosure materials filed from time to time with securities regulators, including, but not limited to, Bluedrop's Annual Information Form and Management’s Discussion and Analysis of Results of Operations and Financial Condition for the year ended September 30, 2018. The forward-looking information contained in this release is made as of the date of this release and Bluedrop does not undertake to update publicly or revise the forward-looking information contained in this release, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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