Management's Discussion and Analysis of Results of Operations and Financial Condition
For the Year Ended September 30, 2015

This Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") of Bluedrop Performance Learning Inc. ("Bluedrop" or "the Company") provides the reader with a view and analysis, from the perspective of management, of Bluedrop's financial results for the year ended September 30, 2015 and should be read in conjunction with the Company's Consolidated Financial Statements and notes thereto for the year ended September 30, 2015. All financial information has been prepared in accordance with International Financial Reporting Standards. All monetary amounts are stated in Canadian dollars. References to years are to the fiscal years ended September 30th unless otherwise noted. This MD&A has been prepared as of January 27, 2016.

The information contained in this MD&A represents only a portion of current information available on Bluedrop. Readers are encouraged to read this document together with prior annual and quarterly reports, news releases and corporate presentations which are available by visiting the Company's website at www.bluedrop.com. Additional information regarding the Company, including all continuous disclosure documents, can be obtained on SEDAR at www.sedar.com. If you require a hard copy of any of these documents please call the main office number (709)739-9000.

Caution Regarding Forward-Looking Information

This MD&A contains certain forward-looking statements which may be based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to strategies, expectations, planned operations or future actions. Forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions, including those described herein and are subject to risks and uncertainties that may cause actual results or events to differ materially from the results or events predicted in this discussion. The Company is subject to the risks outlined in the "Risk Factors" section of this MD&A. No assurance can be provided that the results or performance expressed in or implied by forward-looking statements within this MD&A will occur, or if they do, that any benefits may be derived from them. The forward-looking statements contained in this MD&A represent Bluedrop's expectations as of January 27, 2016 and are subject to change after such date.

COMPANY OVERVIEW

Bluedrop's business is organized and managed as two complementary lines of e-Learning based training businesses.

Bluedrop Training and Simulation is one of Canada's leading providers of comprehensive training solutions for the defence sector. With over 40 years' experience and hundreds of training devices delivered it prides itself on its resume and skilled work force of approximately 110 people. Bluedrop Training and Simulation provides a full suite of products and services ranging from training needs analysis and design, courseware and technical documentation, training information management systems, training program delivery, virtual reality based trainers and simulators and in service support for larger simulators and programs. It services all branches of the defence sector including naval, air force and army operations as well as other security agencies.

Bluedrop Learning Networks is pioneering the development and adoption of a SaaS based training and delivery platform providing large scale customers with the ability to engage, track training and monitor training of large users groups spread out over multiple locations. It provides the complete service offering and solutions to meet the operational requirements of its clients from designing the training requirement, to building custom content, to operating and supporting the training and delivery platform. Revenues are generated from recurring platform licences, custom courseware development, consulting services, and the sale of commercial off-the-shelf courses.

SELECTED ANNUAL INFORMATION

(Canadian dollars in thousands)		Year Ended September 30th		
Fiscal year		**2015**	**2014**	**2013**
Total revenue	$	21,173	15,393	11,528
Net profit (loss)		314	(3,828)	(2,019)
Per share - basic[1]		0.0032	(0.0387)	(0.0204)
Per share - diluted[1]		0.0032	(0.0387)	(0.0204)
Total assets		21,117	19,663	10,673
Total long term financial liabilities		8,373	7,532	3,474

Note 1: Per share amounts in Canadian dollars

The above financial information was extracted from the Company's annual audited consolidated financial statements, which were prepared in accordance with IFRS. Certain comparative figures have been restated as discussed in the consolidated financial statements for the year ended September 30, 2015.

On December 31, 2013 the Company acquired all the issued and outstanding common shares of Atlantis Systems Corp. The increase in the total amounts noted above reflects the combined results of the business combination for the nine months ended September 30, 2014 and for the year ended September 30, 2015.

CHANGE IN ACCOUNTING POLICY

During the fiscal year ended September 30, 2015 the Company performed a review of its accounting policy related to the liabilities under the Atlantic Canada Opportunities Agency - Atlantic Innovation Fund (ACOA-AIF). As a result of the review, management has selected to change the accounting policy related to the liability. Previously, the Company accounted for the funding received as government assistance in accordance with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance. The Company recorded a related liability which was accounted for in accordance with IAS 37 - Provisions. Under this policy, the liability was recorded as a provision and revalued for changes in the amount and timing of cash flows and changes in the discount rate. Changes in the provision were offset against government assistance.

Management has selected to account for this liability in accordance with IAS 39 - Financial Liabilities: Recognition and Measurement. Under IAS 39, the liability is recorded as a financial liability using the effective interest method. The difference between the initial carrying value of the loan determined in accordance with IAS 39 and the proceeds received is recorded as government assistance in accordance with IAS 20. In accordance with IAS 39, the liability is revalued for changes in the timing and amount of cash flows, with the adjustment included in finance charges.

Management believes that the change in policy will result in greater consistency with similar transactions and will provide more reliable and relevant information about the effects of such transactions, the entity's financial performance and financial position, and related cash flows. The impact of the change in accounting policy has been accounted for on a retroactive basis as follows:

Statements of Comprehensive Income (Loss)
For the Year Ended September 30, 2015

(Canadian dollars in thousands)

Fiscal year	**2015**					
	QE June 30		**QE March 31**		**QE Dec 31**	
	Restated	**Previous**	**Restated**	**Previous**	**Restated**	**Previous**
Revenue						
Bluedrop Training and Simulation	$ 4,416	$ 4,416	$ 4,507	$ 4,507	$ 3,509	$ 3,509
Bluedrop Learning Networks	$ 937	$ 937	$ 835	$ 835	$ 840	$ 840
	5,353	5,353	5,342	5,342	4,349	4,349
Direct costs	3,093	3,093	3,188	3,188	2,715	2,715
Gross profit	2,260	2,260	2,154	2,154	1,634	1,634
Gross profit percentage	42%	42%	40%	40%	38%	38%
Expenses						
Sales and marketing	522	522	469	469	426	426
General and administration	1,343	1,343	1,171	1,171	936	936
Government assistance	146	146	(247)	(253)	(191)	(197)
Share-based compensation	26	26	69	69	70	70
Finance costs	426	427	427	429	409	411
Depreciation and amortization	220	227	212	220	214	221
Other gains and losses	-	-	43	43	(472)	(472)
	2,683	2,691	2,144	2,148	1,392	1,395
Earnings (loss) before income taxes	(423)	(431)	10	6	242	239
Income taxes (recovery)	3	-	(4)	(5)	137	136
Net earnings (loss)	$ (426)	$ (431)	$ 14	$ 11	$ 105	$ 103
Net earnings (loss) per share						
Basic	(0.0043)	(0.0044)	0.0001	0.0001	0.0011	0.0010
Diluted	(0.0043)	(0.0044)	0.0001	0.0001	0.0011	0.0010
Weighted average number of shares						
Basic (in thousands)	98,987	98,987	98,987	98,987	98,987	98,987
Diluted (in thousands)	98,987	98,987	99,073	99,073	98,987	98,987

The net effect of change in accounting policy on the Company's statement of comprehensive income (loss) for the nine months ended June 30, 2015 is a cumulative increase of $10,430.

Statements of Comprehensive Income (Loss)
For the Year Ended September 30, 2015

(Canadian dollars in thousands)

Fiscal year	2014							
	YE Sept 30		QE June 30		QE March 31		QE Dec 31	
	Restated	Previous	Restated	Previous	Restated	Previous	Restated	Previous
Revenue								
Bluedrop Training and Simulation	$11,839	$11,839	$ 3,653	$ 3,653	$ 3,589	$ 3,589	$ 926	$ 926
Bluedrop Learning Networks	$ 3,554	$ 3,554	$ 864	$ 864	$ 889	$ 889	$ 1,111	$ 1,111
	15,393	15,393	4,517	4,517	4,478	4,478	2,037	2,037
Direct costs	9,438	9,438	2,831	2,831	2,790	2,790	1,286	1,286
Gross profit	5,955	5,955	1,686	1,686	1,688	1,688	751	751
Gross profit percentage	39%	39%	37%	37%	38%	38%	37%	37%
Expenses								
Sales and marketing	2,514	2,514	491	491	764	764	744	744
General and administration	4,701	4,701	1,247	1,247	1,265	1,265	945	945
Acquisition and restructuring costs	2,112	2,112	12	12	211	211	1,666	1,666
Government assistance	(1,107)	(1,247)	(329)	(336)	(429)	(422)	(235)	(229)
Share-based compensation	221	221	80	80	54	54	73	73
Finance costs	961	1,185	382	384	376	378	116	118
Depreciation and amortization	925	969	215	227	206	217	166	177
Other gains and losses	(93)	(93)	(212)	(212)	-	-	6	6
	10,234	10,362	1,886	1,893	2,447	2,467	3,481	3,500
Earnings (loss) before income taxes	(4,279)	(4,407)	(200)	(207)	(759)	(779)	(2,730)	(2,749)
Income taxes (recovery)	(451)	(487)	(22)	(23)	(211)	(216)	(663)	(668)
Net earnings (loss)	$ (3,828)	$ (3,920)	$ (178)	$ (184)	$ (548)	$ (563)	$ (2,067)	$ (2,081)
Net earnings (loss) per share								
Basic	(0.0387)	(0.0396)	(0.0018)	(0.0018)	(0.0055)	(0.0057)	(0.0209)	(0.0210)
Diluted	(0.0387)	(0.0396)	(0.0018)	(0.0018)	(0.0055)	(0.0057)	(0.0209)	(0.0210)
Weighted average number of shares								
Basic (in thousands)	98,987	98,987	98,987	98,987	98,987	98,987	98,987	98,987
Diluted (in thousands)	98,987	98,987	98,987	98,987	98,987	98,987	98,987	98,987

The net effect of change in accounting policy on the Company's statement of comprehensive income (loss) for the year ended September 30, 2014 is a cumulative increase of $92,439.

The table below illustrates the impact of the restatement on the previously reported statement of financial position for the past two fiscal periods:

	As restated							
Fiscal year	**2015**	**2015**	**2015**	**2014**	**2014**	**2014**	**2014**	**2014**
	Q3	Q2	Q1	YE	Q3	Q2	Q1	Opening
(Canadian dollars in thousands)	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Oct-01
ASSETS								
Current assets								
Cash and cash equivalents	105	198	11	4	562	101	270	230
Accounts receivable	5,579	5,884	6,163	7,046	3,869	6,543	4,892	3,267
Work in progress	1,243	991	541	971	1,200	578	817	494
Other current assets	388	488	466	488	408	461	418	449
	7,315	7,561	7,181	8,509	6,039	7,683	6,397	4,440
Other long term assets	170	170	120	120	120	50	50	50
Deferred tax assets	4,736	4,757	4,780	4,934	5,035	5,013	4,812	2,255
Goodwill and other intangible assets	5,644	5,154	5,162	5,183	3,941	4,013	4,084	2,761
Property and equipment	749	755	868	916	1,303	1,310	1,290	1,168
	18,614	18,397	18,111	19,662	16,438	18,069	16,633	10,674
LIABILITIES AND EQUITY								
Current liabilities								
Bank indebtedness	570	-	1,509	1,072	-	734	-	-
Accounts payable and accruals	2,732	2,667	2,232	2,728	2,951	4,358	4,699	1,764
Deferred revenue	3,117	2,912	2,738	2,856	2,427	2,446	2,037	1,617
Other current liabilities	882	795	1,027	2,520	2,221	491	551	599
	7,301	6,374	7,506	9,176	7,599	8,029	7,287	3,980
Long term debt	6,264	6,421	5,114	5,206	5,198	6,345	6,171	2,065
Other financial liabilities	2,492	2,424	2,347	2,255	2,627	2,521	1,413	1,374
Provisions	-	-	-	-	-	-	-	-
Deferred revenue	2,255	2,450	2,499	2,502	-	-	-	-
Other long term liabilities	605	628	656	711	101	164	256	36
	18,917	18,297	18,122	19,850	15,525	17,059	15,127	7,455
Equity								
Share capital and reserves	6,568	6,542	6,446	6,375	6,440	6,360	6,306	5,953
Deficit	(6,871)	(6,442)	(6,457)	(6,563)	(5,527)	(5,350)	(4,800)	(2,734)
	(303)	100	(11)	(188)	913	1,010	1,506	3,219
	18,614	18,397	18,111	19,662	16,438	18,069	16,633	10,674

	As previously stated							
Fiscal year	**2015**	**2015**	**2015**	**2014**	**2014**	**2014**	**2014**	**2014**
	Q3	Q2	Q1	YE	Q3	Q2	Q1	Opening
(Canadian dollars in thousands)	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Oct-01
ASSETS								
Current assets								
Cash and cash equivalents	105	198	11	4	562	101	270	230
Accounts receivable	5,579	5,884	6,163	7,046	3,869	6,543	4,892	3,267
Work in progress	1,243	991	541	971	1,200	578	817	494
Other current assets	388	488	466	488	408	461	418	449
	7,315	7,561	7,181	8,509	6,039	7,683	6,397	4,440
Other long term assets	170	170	120	120	120	50	50	50
Deferred tax assets	4,662	4,679	4,702	4,855	4,932	4,909	4,702	2,140
Goodwill and other intangible assets	5,713	5,230	5,252	5,285	4,132	4,209	4,294	2,984
Property and equipment	749	755	868	916	1,303	1,310	1,290	1,168
	18,609	18,395	18,123	19,685	16,526	18,161	16,733	10,782
LIABILITIES AND EQUITY								
Current liabilities								
Bank indebtedness	570	-	1,509	1,072	-	734	-	-
Accounts payable and accruals	2,732	2,667	2,232	2,728	2,951	4,358	4,699	1,764
Deferred revenue	3,117	2,912	2,738	2,856	2,427	2,446	2,037	1,617
Other current liabilities	882	795	1,027	2,520	2,221	491	551	599
	7,301	6,374	7,506	9,176	7,599	8,029	7,287	3,980
Long term debt	6,264	6,421	5,114	5,206	5,198	6,345	6,171	2,065
Other financial liabilities	1,014	971	935	886	1,118	1,059	-	-
Provisions	1,280	1,253	1,223	1,189	1,334	1,287	1,233	1,187
Deferred revenue	2,255	2,450	2,499	2,502	-	-	-	-
Other long term liabilities	605	628	656	711	101	164	256	36
	18,719	18,097	17,933	19,670	15,350	16,884	14,947	7,268
Equity								
Share capital	6,568	6,542	6,446	6,375	6,440	6,360	6,306	5,953
Deficit	(6,678)	(6,244)	(6,256)	(6,360)	(5,264)	(5,083)	(4,520)	(2,439)
	(110)	298	190	15	1,176	1,277	1,786	3,514
	18,609	18,395	18,123	19,685	16,526	18,161	16,733	10,782

BUSINESS COMBINATION

On December 31, 2013 the Company, under a Plan of Arrangement, acquired all the issued and outstanding common shares of Atlantis Systems Corp. (Atlantis), a publically traded company listed on the TSX Venture - NEX Exchange. Atlantis was a custom courseware developer and provider of training and simulation products to the defence and aerospace industry. The business combination allows the Company to facilitate continued growth in training and simulation operations in domestic markets and provides a foundation for future growth into international markets.

The cash consideration transferred in the Plan of Arrangement was $1,000,000. The long term debt agreements of Atlantis were renegotiated concurrent with the acquisition. The Company assumed $2,500,000 of long term debt, $1,000,000 of which was repaid immediately following the acquisition. On December 30, 2014, the Company repaid the remaining secured convertible term note under an early discounted settlement agreement.

The value of goodwill was calculated as the excess of the fair value of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed. This goodwill is not deductible for income tax purposes.

Value of assets acquired and liabilities assumed		
Cash	$	89,551
Accounts receivable		2,226,709
Work in progress		477,371
Prepaid expenses		18,164
Deferred tax assets		2,368,415
Intangible assets		2,320,000
Goodwill		438,124
Property and equipment		139,019
Accounts payable and accruals		(1,982,147)
Deferred revenue		(1,862,270)
Long term debt		(2,434,836)
Deferred tax liabilities		(693,100)
Long term payables		(105,000)
	$	1,000,000

DISCUSSION OF OPERATIONS

Bluedrop Training and Simulation

During the year ended September 30, 2015 the Bluedrop Training and Simulation business unit continued to benefit from the combined operations of the Atlantis acquisition and increasing its focus on strategic development in simulation markets.

The business unit continued to recognize significant revenues quarter over quarter in 2015. This included the renewal of a staffing support contract for the Maritime Helicopter Training Centre (MHTC) in addition to a follow-on contract to provide a second virtual reality based helicopter simulator to the Colombian National Police Force awarded in the second quarter of fiscal 2015. During the quarter ended June 30, 2015 the business unit was awarded a significant contract to provide services under the Arctic Offshore Patrol Ships (AOPS) program. As at September 30, 2015, the business unit has an estimated revenue backlog[1] of $32.9 million. The business unit continues to pursue several multi-year renewals, extension bids and new contracts. In 2015 the business unit retained every major account and experienced growth with several of them.

During the year, the business unit continued to focus on developing strategic product based offerings with a goal of working with large scale aerospace equipment manufacturers to develop low cost simulation offerings. On July 8, 2015, Bluedrop Training and Simulation and The Boeing Company ("Boeing") announced a partnership to develop a next generation rear crew trainer for the CH-47 Chinook Helicopter. The program is supported by Industry Canada's Investment Framework and the new Value Proposition guidelines. Under the partnership, Bluedrop will receive US$2.3 million of funding and a licence to certain intellectual property associated with the Chinook. The five year commitment supports both the development of the asset as well as ongoing support of sales and marketing in the Boeing global supply chain.

Bluedrop Learning Networks

During the fiscal year 2015, the Bluedrop Learning Networks business unit refocused its business model to meet its strategic growth objectives. The previous business model was relatively project based with an emphasis on selling courseware and perpetual licensing arrangements under medium term contracts. Given these projects typically had a finite life, strategic growth was limited. In 2015, the business pivoted to focus more on a Software-as-a-Service (SaaS) based model with an aim at generating a larger recurring revenue stream and providing greater growth. The business unit entered two major markets during the year namely Occupational Health and Safety and US Workforce Development verticals. Additionally, the business unit positioned itself in the year as a pioneer behind Integrated Skills Management, a new product category that exceeds the traditional Learning Management Systems.

During the year the business unit was awarded a significant workplace compliance contract for $3.5 million and ended the year with an estimated revenue backlog[1] of $8.6 million.

The business unit continued to develop cloud based SaaS training management systems. It has recently launched the Bluedrop360 platform to meet the needs of large enterprise clients. *Bluedrop360™* automates and optimizes labour market training management for clients which are focused on helping the unemployed and underemployed get jobs, ensuring workers can stay safe at work, and helping apprentices and skilled labour to gain important credentials.

Corporate

During the year ended September 30, 2015, management continued improvements to the balance sheet working capital and cash availability positions ending the year with over $3.0 million in cash and no draw on the bank line.

In the third quarter of 2015, the Company replaced term debt with two new facilities including a 14% convertible term note in the amount of $625,000 and a 16% term note in the amount of $600,000 with an entity under the control of the Company's beneficial shareholder. In March 2015, the Company extended its available capacity under the unsecured royalty arrangement. These new financing arrangements improved the Company's net working capital position and provided cash availability to undertake strategic growth initiatives in the business units.

The Company continued to monitor fluctuations in foreign currency exchange rates which could significantly impact cash flows from contracts with US customers and assessed the potential use of hedging arrangements. During the year the Company entered into several forward contract arrangements to hedge risk from exchange rate fluctuations.

Subsequent to the fiscal year end September 30, 2015 the Company extended the maturity date on an unsecured convertible debenture for $3.0 million for one year to December 30, 2017.

[1] See section titled "Non-GAAP Financial Measures"

FINANCIAL RESULTS OF OPERATIONS

The following tables and discussion compare Bluedrop's operating results for the quarter and year ended September 30, 2015 to the same period ended September 30, 2014.

(Canadian dollars in thousands)	Quarter ended September 30 2015	2014	Change (2015 vs. 2014) $	%
Revenue				
Services revenue	4,717	3,596	1,121	31%
Product sales	1,411	765	646	84%
	6,128	4,361	1,767	41%
Direct costs	2,904	2,532	372	15%
Gross profit	3,224	1,829	1,395	76%
Gross profit percentage	53%	42%		
Expenses				
Sales and marketing	639	515	124	24%
General and administration	1,162	1,244	(82)	-7%
Research and development costs	127	-	127	100%
Acquisition and restructuring costs	-	223	(223)	-100%
Government assistance	(266)	(114)	(152)	133%
Share-based compensation	29	14	15	107%
Finance costs	736	87	649	746%
Depreciation and amortization	252	338	(86)	-25%
Other gains and losses	-	113	(113)	-100%
	2,679	2,420	259	11%
Earnings (loss) before income taxes	545	(591)	1,136	-192%
Income taxes	(75)	445	(520)	-117%
Net earnings (loss)	620	(1,036)	1,656	-160%

(Canadian dollars in thousands)	Year ended September 30 2015	2014	Change (2015 vs. 2014) $	%
Revenue				
Services revenue	16,528	12,866	3,662	28%
Product sales	4,645	2,527	2,118	84%
	21,173	15,393	5,780	38%
Direct costs	11,900	9,438	2,462	26%
Gross profit	9,273	5,955	3,318	56%
Gross profit percentage	44%	39%		
Expenses				
Sales and marketing	2,056	2,514	(458)	-18%
General and administration	4,612	4,701	(89)	-2%
Research and development costs	127	-	127	100%
Acquisition and restructuring costs	-	2,112	(2,112)	-100%
Government assistance	(558)	(1,107)	549	-50%
Share-based compensation	195	221	(26)	-12%
Finance costs	1,998	961	1,037	108%
Depreciation and amortization	898	925	(27)	-3%
Other gains and losses	(428)	(93)	(335)	360%
	8,900	10,234	(1,334)	-13%
Earnings (loss) before income taxes	373	(4,279)	4,652	-109%
Income taxes	61	(451)	512	-114%
Net earnings (loss)	312	(3,828)	4,140	-108%

Revenue

For the quarter ended September 30, 2015 revenues were $6,128,411, an increase of $1,767,442 (41%) as compared to the same period in 2014. For the year ended September 30, 2015 revenues were $21,172,852, an increase of $5,779,537 (38%) as compared to the same period in 2014.

The following tables illustrate the change in revenues from each identified operating segment for the year ended September 30, 2015.

	Quarter ended September 30				Change (2015 vs. 2014)	
	2015	**% of total**	**2014**	**% of total**	$	%
Revenue						
Bluedrop Training and Simulation	4,986	81%	3,672	84%	1,314	36%
Bluedrop Learning Networks	1,142	19%	689	16%	453	66%
	6,128	100%	4,361	100%	1,767	41%

	Year ended September 30				Change (2015 vs. 2014)	
	2015	**% of total**	**2014**	**% of total**	$	%
Revenue						
Bluedrop Training and Simulation	17,419	82%	11,839	77%	5,580	47%
Bluedrop Learning Networks	3,754	18%	3,554	23%	200	6%
	21,173	100%	15,393	100%	5,780	38%

On December 31, 2013 the Company acquired Atlantis. The results of the Atlantis operations have been included from the date of acquisition in the Bluedrop Training and Simulation financial results leading to a significant increase over 2014 results. The increase in revenues of the Bluedrop Learning Networks operation is a result of increased courseware development and professional services activity in the fourth quarter.

Direct costs

Direct costs include all labour costs plus materials, supplies, third party services and travel costs directly associated with projects, as well as any royalties that may be payable as a result of revenues generated from licenced products.

For the quarter ended September 30, 2015 total direct costs were $2,904,131, an increase of $372,719 (15%) over the same quarter in the prior fiscal year. For the year ended September 30, 2015 direct costs were $11,899,960, an increase of $2,462,038 (26%) as compared to the same period in 2014.

For an explanation of the significant increase in direct costs please refer to the commentary on gross profit below.

Gross profit

For the quarter ended September 30, 2015 gross profit was $3,224,280, an increase of $1,394,723 (76%) over the same quarter in the prior period. The reported gross profit percentage for the quarter ended September 30, 2015 was 53% as compared to 42% for the same period in the prior year.

For the year ended September 30, 2015 gross profit was $9,272,892, an increase of $3,217,494 (56%) over the same period in the prior year. The reported gross profit percentage for the year ended September 30, 2015 was 44% as compared to 39% for the same period in the prior year.

The Bluedrop Training and Simulation business unit gross profit for the year ended September 30, 2015 was $7,511,804 versus $3,890,814 for the same period in 2014. The gross profit percentage was 43% for the current period versus 33% for the prior period. The significantly lower gross profit in 2014 was a result of delays in executing several professional service contracts which were anticipated to begin in the first quarter of 2014 in addition to an adjustment to percent complete estimates associated with a significant professional services contract. On December 31, 2013 Bluedrop acquired Atlantis as noted above. The 2015 Bluedrop Training and Simulation gross profit percentage reflects late 2014 cost reductions within the billable base of employees to align the new combined operations with the current backlog and contracts in place or in final stages of completion.

The Bluedrop Learning Networks business unit gross profit for the year ended September 30, 2015 was $1,761,088 as compared to $2,064,579 for the same period in 2014, resulting in a gross margin of 47% versus 58% for the same period in 2014. The decrease in gross profit percentage was a direct result of the decreased custom courseware revenues noted above.

Sales and marketing

For the quarter ended September 30, 2015 sales and marketing expenses were $639,481, an increase of $124,784 (24%) over the same quarter in the prior period. For the year ended September 30, 2015 sales and marketing expenses were $2,056,101, a decrease of $457,476 (18%) as compared to the same period in 2014.

The decrease in sales and marketing is a result of restructuring and cost reduction activities late in the 2014 fiscal year.

General and administration

For the quarter ended September 30, 2015 general and administration expenses were $1,161,487, a decrease of $82,479 (7%) over the same quarter in the prior period. For the year ended September 30, 2015 general and administration expenses were $4,611,940, a decrease of $89,531 (2%) as compared to the same period in 2014.

As noted above, Bluedrop acquired the Atlantis operations in December 2013. Throughout the 2014 fiscal year, Bluedrop carried out integration activities and implemented cost reduction strategies. This resulted in significant cost savings as a result of combined operation synergies. As the Company progressed through the second and third quarter, these cost saving were used to fund increased expenditure in certain administration functions to facilitate strategic growth.

Government assistance

For the quarter ended September 30, 2015 government assistance included in income was $265,634, an increase of $152,192 (134%) over the same quarter in the prior period. For the year ended September 30, 2015 government assistance included in income was $558,147, a decrease of $548,632 (50%) as compared to the same period in 2014.

During the year ended September 30, 2015, discounts recognized on below-market interest rate financial liabilities decreased by $789,957, primarily due to the completion of funding under the Atlantic Canada Opportunities Agency - Atlantic Innovation Fund. In addition, the Company reassessed the eligibility of prior tax year activities relating to the Scientific Research and Experimental Development (SR&ED) tax credit program and has recorded a provision against prior year tax credits recognized of $703,773, resulting in a negative impact on income of $333,475.

Share-based compensation

Pursuant to its 2011 Stock Option Plan, the Company has reserved a maximum of 16,827,718 of the issued and outstanding common shares of the Company for issuance on the exercise of share options. The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model.

The Company recorded $194,843 as share-based compensation expense for the year ended September 30, 2015 and $221,028 for the same period in 2014. The Company granted 3,508,747 of additional options during the year ended September 30, 2015.

The Company has an employee share purchase plan which permits employees to subscribe to common shares of the Company through payroll deductions. The Company may provide financial assistance with respect to the plan by way of loan, guarantee or otherwise. The Company has reserved a maximum of 2,969,597 common shares under the employee share purchase plan. As at September 30, 2015 no shares were outstanding under the plan.

Finance costs

For the quarter ended September 30, 2015 finance costs were $735,084, an increase of $649,260 (757%) over the same quarter in the prior period. For the year ended September 30, 2015 finance costs were $1,997,525, an increase of $1,036,715 (108%) as compared to the same period in 2014.

The increase in the year ended September 30, 2015 is primarily a result of revaluation of financial liabilities resulted in an increase of $640,020 compared to the prior period. In addition, interest and accretion on long term debt increased by $264,342 as a result of additional borrowings in the period used to fund the acquisition of Atlantis and required working capital.

During the year ended September 30, 2014, advances of long term debt were $4,199,537. During fiscal 2015 the Company received long term debt advances of $1,225,000.

Depreciation and amortization

For the quarter ended September 30, 2015 depreciation and amortization expense was $251,290, a decrease of $86,977 (26%) over the same quarter in the prior year. For the year ended September 30, 2015 depreciation and amortization expense was $897,507, a decrease of $27,258 (3%) as compared to the same period in 2014.

The Company invested $1,174,997 in capital assets and intangible assets during the year ended September 30, 2015. The government assistance impact on intangible assets was a net increase of $60,225, primarily due to the adjustment in capitalized Scientific Research and Experimental Development from prior taxation years noted above.

Other gains and losses

During the year ended September 30, 2015, the Company recorded other gains of $428,177.

On December 30, 2014 the Company entered into an early discounted settlement agreement to repay the secured convertible term note acquired in the acquisition of Atlantis. Under the agreement the Company paid $1,125,000 on settlement of the debt. As at the settlement date the principal and accrued interest payable was $1,595,422, resulting in a gain on settlement of $470,422. During the fiscal 2015, the Company disposed of certain property and equipment resulting in a loss on disposal of $42,245.

Income taxes

For the year ended September 30, 2015 income tax expense was $60,956 as compared to a recovery of $451,055 in the same period in the prior year. The difference in the income tax expense (recovery) is a result of tax assets recorded in the prior period associated with losses in that fiscal period.

QUARTERLY INFORMATION

The table below provides a summary of operating results for the Company for each quarter in the current and previous fiscal periods. This table and commentary following illustrates some of the trends within the business and the impact on margins and profits of certain types of revenue-generating activities.

(Canadian dollars in thousands)

Fiscal year	2015	2015	2015	2015	2014	2014	2014	2014
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31
Revenue								
Bluedrop Training and Simulation	$ 4,986	$ 4,416	$ 4,507	$ 3,509	$ 3,672	$ 3,653	$ 3,589	$ 926
Bluedrop Learning Networks	$ 1,142	$ 937	$ 835	$ 840	$ 689	$ 864	$ 889	$ 1,111
	6,128	5,353	5,342	4,349	4,361	4,517	4,478	2,037
Direct costs	2,904	3,093	3,188	2,715	2,532	2,831	2,790	1,286
Gross profit	3,224	2,260	2,154	1,634	1,829	1,686	1,688	751
Gross profit percentage	53%	42%	40%	38%	42%	37%	38%	37%
Expenses								
Sales and marketing	639	522	469	426	515	491	764	744
General and administration	1,162	1,343	1,171	936	1,244	1,247	1,265	945
Research and development costs	127	-	-	-	-	-	-	-
Acquisition and restructuring costs	-	-	-	-	223	12	211	1,666
Government assistance	(266)	146	(247)	(191)	(114)	(329)	(429)	(235)
Share-based compensation	29	26	69	70	14	80	54	73
Finance costs	736	426	427	409	87	382	376	116
Depreciation and amortization	252	220	212	214	338	215	206	166
Other gains and losses	-	-	43	(472)	113	(212)	-	6
	2,679	2,683	2,144	1,392	2,420	1,886	2,447	3,481
Earnings (loss) before income taxes	545	(423)	10	242	(591)	(200)	(759)	(2,730)
Income taxes (recovery)	(75)	3	(4)	137	445	(22)	(211)	(663)
Net earnings (loss)	$ 620	$ (426)	$ 14	$ 105	$ (1,036)	$ (178)	$ (548)	$ (2,067)

Fiscal 2015

During the first quarter of fiscal 2015, the Company recognized lower costs as a result of cost reduction strategies implemented late in 2014. In addition the Company recorded a gain on settlement due to early repayment of a term debt which is included in Other gains and losses.

During the second quarter of fiscal 2015, revenues increased in the Bluedrop Training and Simulation business. This was a result of increasing revenues on US dollar contracts due to favorable foreign exchange rate fluctuations as well as an increase in revenue on a significant percentage complete contract due to a decrease in the estimated costs to complete. The Company increased spending in general and administration functions to facilitate future strategic growth.

In the third quarter of fiscal 2015, the Company continued to recognize higher revenues and gross margins and increased strategic spending in general and administration functions. The Company recorded an expense in government assistance related to a loss provision for SR&ED credit related to prior tax years.

During the final quarter of fiscal 2015 revenue growth continued. This was a result of increased revenues on US dollar contracts due to favorable foreign exchange rate fluctuations as well as an increased courseware development and professional services activities. Finance cost increases are attributed to revaluation of financial liabilities at the balance sheet date.

Fiscal 2014

The Bluedrop Training and Simulation business experienced decreased revenues and gross profit in the first quarter as a result of delays in executing several professional service contracts which were anticipated to begin in the quarter. The delays were remediated in the second quarter. On December 31, 2013 the Company acquired Atlantis and the results of the combined operations are included in the last three quarters of fiscal 2014. The acquisition of Atlantis Systems Corp. resulted in significant acquisition related costs in the first quarter.

During the third quarter of 2014, the Company disposed of courseware assets in exchange for proceeds of $275,000USD. The disposed assets and proceeds, net of costs to sell, have been included in other gains and losses.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended September 30, 2015 the Company generated cash and cash equivalents of $4,264,231 (2014 – used $1,297,413).

Operating activities

For the year ended September 30, 2015 the Company's generated cash from operating activities of $6,128,135 compared to cash used of $3,811,340 for the same period in the prior year.

Changes in non-cash working capital related to operating activities generated cash of $3,324,301 during 2015. Accounts receivable related to trade amounts decreased by $2,082,133 as a result of collection of receivables outstanding near year end and net cash from development funding received increased by $1,806,020. This was offset by an increase in unbilled revenue of $489,948 due to differences in the timing of project execution and billing milestones.

Investing activities

For the year ended September 30, 2015 the Company consumed cash of $807,067 for investing activities compared to cash consumed of $1,309,488 for the same period in the prior year.

Investment in intangible assets for the period was $1,283,017 primarily related to the development of the *Bluedrop360*™ training management and delivery platform. In addition, the Company invested $57,508 in property and equipment.

Changes in non-cash working capital related to investing activities resulted an increase in cash of $521,958 for the period ended September 30, 2015.

Financing activities

For the year ended September 30, 2015 the Company used $1,056,837 in cash in financing activities as compared to cash generated of $3,823,415 from financing activities for the same period in the prior year.

Financing activities for the year ended September 30, 2015 included $1,665,843 of repayments of long term debt, including the repayment of the remaining 8% secured convertible term note under an early discounted settlement agreement. This was offset by additional long term debt advances of $1,225,000.

Cash and credit availability

The Company has a short term bank operating line of credit to a maximum of the lesser of $3,500,000 and defined marginable accounts receivable minus specified liabilities. The revolving operating facility is repayable on demand and bears interest at Royal Bank prime plus 1.95%. The Company has provided a General Security Agreement as security for this indebtedness. At September 30, 2015 the line of credit was undrawn.

CONTRACTUAL OBLIGATIONS

The following table contains a summary of the Company's contractual obligations and commitments to make future payments under contracts including debt, finance leases and operating leases at September 30, 2015:

Scheduled payments due by period (Canadian dollars in thousands)	**Long term debt**	**Capital leases**	**Operating leases**	**Total**
2016 (year ended September 30)	2,158	32	749	2,939
2017	4,646	12	705	5,363
2018	583	-	705	1,288
2019	479	-	698	1,177
2020	283	-	686	969
Thereafter	346	-	1,864	2,210
	$ 8,495	$ 44	$ 5,407	$ 13,946

SHARE INFORMATION

At September 30, 2015 the Company had issued 98,986,609 common shares and 16,560,391 share options that can be exercised when vested to obtain an equivalent number of common shares. During the year ended September 30, 2015, the Company granted 3,508,747 of additional options.

The Company has an employee share purchase plan which permits employees to subscribe to common shares of the Company through payroll deductions. The Company may provide financial assistance with respect to the plan by way of loan, guarantee or otherwise. The Company has reserved a maximum of 2,969,597 common shares under the employee share purchase plan. As at September 30, 2015 no shares were outstanding under the plan.

In addition, the Company has two outstanding convertible notes which, if converted, would result in the issuance of 24,166,667 of common shares.

RELATED PARTY TRANSACTIONS

Transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Significant related party transactions are reviewed and approved by the Audit Committee of the Board. The following is a summary of related party transactions during the year ended September 30, 2015:

- The Company recorded rent expense of $262,080 for the year ended September 30, 2015 (2014 - $262,080) for rental of premises from a company controlled by the Company's President & Chief Executive Officer. Effective October 1, 2011 the Company entered into a 6 year lease, with a 4 year renewal option, with LB2P for 100% of the premises available for lease at 18 Prescott Street, St. John's, NL. The lease includes an initial net lease rate for two years with escalation provisions periodically thereafter.
- The Company recognized an expense of $888,403 for the year ended September 30, 2015 (2014 - $724,442) for fees, salaries and benefits to its key management personnel for services rendered. Key management is considered to be members of the Board of Directors, the President & Chief Executive Officer and the Chief Financial Officer. The Executive Chairman's fees are paid to a corporation under his control.
- The Company recognized an expense of $116,049 for the year ended September 30, 2015 (2014 – $171,331) for share based compensation to its key management personnel (as described above).
- During the second quarter of fiscal 2015, The Company received financing of $600,000 in the form of an 18 month unsecured term loan from an entity controlled by the Company's beneficial controlling shareholder. The term loan bears interest, payable monthly, at 16% per annum and is subordinated to existing senior credit and other term facilities. The terms of the loan provide that early repayment can be made by Bluedrop, without penalty, by providing 90 days notice. The Company recorded finance costs of $85,756 related to the loan during the year ended September 30, 2015.
- The Company has provided share purchase loans to a director of the Company. As collateral for the non-interest bearing share purchase loans, the borrower has granted the Company a security interest in a portion of the shares purchased. The loans are repayable in full on or before dates ranging between June 27, 2017 and January 31, 2018. As at September 30, 2015 the amount receivable was $169,816 (2014 - $119,589).

ACCOUNTING ESTIMATES

In the process of applying the Company's accounting policies, management has made certain judgments, estimates, and assumptions which affect the amounts recognized in the Consolidated Financial Statements. The Company has identified the following policies where critical judgments, estimates and assumptions are made and where actual results could be materially different.

Significant management judgements

The following are significant management judgements in applying the accounting policies that have the most significant impact on the financial statements:

(a) Revenue recognition

Revenue from services contracts is recognized on a percentage of completion basis, measured by the percentage of costs incurred to date to the estimated total costs for each contract. Judgment is used in determining the stage of completion and estimates of costs to complete. The Company employs sophisticated project management tools to assist with the management of projects and the recognition of revenue on a percentage completion basis. Management regularly reviews the systems, processes, and calculations relating to percentage completion on significant contracts, making adjustments as required.

(b) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company records income tax expense (recovery) based on management's interpretation of the tax regulations and its assumptions about the timing of income and expenses for tax purposes. Actual tax assessments or future changes to assumptions could result in future adjustments to recorded tax expense.

The Company has recognized deferred tax assets in the Company's financial statements for the period ended September, 30, 2015. Management considers that it is more likely than not that these tax assets will be realized. The ultimate realization of these assets is dependent upon the Company's ability to generate sufficient taxable income to offset the tax losses carried forward as well as the reversal of the differences between the carrying amount of items on the statement of financial position and their corresponding tax basis. If future circumstances indicate that it is no longer probable that these tax assets will be realized, the carrying value of the tax asset will be reduced, resulting in a charge against income and a reduction of equity.

(c) Government assistance

The Company receives government assistance pursuant to specific contractual funding agreements and is also eligible to receive cash tax credits under the Scientific Research and Experimental Development (SRED) and Digital Media Tax Credit (DMTC) programs. Claims relating to specific funding agreements are based on the defined eligible costs pursuant to the agreements. Contributions are recognized when the related expenditures are incurred and/or when significant milestones have been achieved in a funded project.

Credits under the SRED and DMTC programs are recorded when amounts can be reasonably estimated and receipt is reasonably assured. Government assistance may be overstated if the underlying project is determined to be ineligible or if certain costs claimed are determined to be ineligible.

(d) Development costs

Distinguishing the research and development phases of internal development projects and determining whether the recognition requirements for the capitalization of development costs are met requires judgement. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

(e) Classification of financial arrangements

The Company has entered into complex financing arrangements in the form of conditionally repayable government grants with below-market interest rates. Management uses significant judgement in selection and application of accounting policies related to these arrangements.

(f) Deferred development funding

The Company has entered into an arrangement with a third party whereby the third party has provided Bluedrop with funding towards development costs under Canada's Industrial and Regional Benefits (IRB) Policy in a non-exchange transaction. While the funding is not provided directly from government, the substance of the transaction is an indirect form of government assistance with the third party acting as an intermediary between a Government agency and Bluedrop. As such the arrangement has been accounted for in accordance with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

Estimation uncertainty

The following are significant estimates used in recognition and measurement of assets, liabilities, income and expense. The actual results may differ from these estimates:

(a) Fair value of provisions

Management uses valuation techniques in determining the fair values of its provisions related to conditionally repayable grants. Significant estimates include the amount and timing of future cash flows and discount rates used in measurement of the fair value.

(b) Fair value of financial liabilities

The Company has received long term debt financing at below-market interest rates and through issue of convertible notes. The fair value of these financial liabilities are determined using discount rates expected to be incurred on similar debt in a fair market. Management has exercised judgement in estimating the applicable discount rate used in measuring the fair value of financial liabilities at below-market interest rates.

(c) Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows, and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(d) Revenue recognition

Revenue from services contracts is recognized on a percentage of completion basis, measured by the percentage of costs incurred to date to the estimated total costs for each contract. Changes to the estimate of percentage complete or estimated costs to complete could have a material impact on the carrying values of work in progress or deferred revenue and a material impact on future revenue.

(e) Share-based compensation

Management has made certain estimates and assumptions when calculating the fair value of share options. The significant assumptions include estimates of expected volatility, expected life and expected risk-free rate of return. Management also makes certain assumptions with respect to the number of options expected to vest. Changes in these assumptions may result in a material change to share-based compensation expense.

NON-GAAP FINANCIAL MEASURES

This MD&A includes non-GAAP financial measures. Non-GAAP measures do not have a standardized meaning prescribed by the Company's GAAP and therefore should not be compared with similar measures presented by other companies. Management has provided these measures as we believe they are useful supplemental information to users of the Company's financial statements and MD&As. These measures should not be used as an alternative for performance measures calculated in accordance with GAAP.

(a) Backlog

Backlog is a non-GAAP measure that represents the expected value of orders we have received but have not yet executed. The Company considers an item part of our backlog when we have a legally binding commercial agreement with a client that includes enough detail about each party's obligations to form the basis for a contract or an order. Some contracts are executed over a long-term period and are subject to renewal periods. A contract item is only included in backlog when the customer has authorized the renewal.

RISKS

The Company and its business are subject to a number of risks and uncertainties. The primary risks and uncertainties are described below.

Customer risk

The Company's products and services are sold directly to governments or governmental entities and to original equipment manufacturers and training integrators which have contracts with governments. These sales are subject to specific additional risk, such as delays in funding, termination of contracts or sub-contracts at the convenience of the government, termination, reduction or modification of contracts or sub-contracts in the event of changes in the government's policies or as a result of budgetary constraints, and increased or unexpected costs resulting in losses or reduced profits under fixed price contracts.

The Company's business strategy includes plans to diversify sources of revenue by expanding its product and service offerings in the Bluedrop Training and Simulation business and by expanding its sales channels and courseware content portfolio for the Bluedrop Learning Networks business.

Credit risk

Credit risk arises from the potential that a customer or counterparty will fail to meet its contractual obligations. Concentration of credit risk may arise from exposure to a single debtor or to a group of debtors having similar characteristics, such as their ability to meet their obligations, or their expectation to be similarly affected by changes in economic or other conditions. The Company utilizes credit evaluation, approval and monitoring processes intended to mitigate potential credit risks with respect to trade receivables.

The Company's maximum exposure to credit risk, with respect to accounts receivable and unbilled work in progress corresponds to the carrying value. At September 30, 2015 approximately 80% of trade receivables were due from six customers (September 30, 2014 – 34% from two customers). In accordance with contract terms, the Company bills certain customers in advance of the completion of work and records such billings as deferred revenue.

An allowance for doubtful accounts is established at each balance sheet date based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The allowance for doubtful trade accounts receivable at September 30, 2015 was $8,374 (September 30, 2014 - $62,857). At September 30, 2015 the Company's trade accounts receivable included amounts over 90 days old totaling $130,289 (September 30, 2014 – $145,272) which were not considered to be impaired and therefore not included in the allowance for doubtful accounts.

Recruitment and retention risks

Bluedrop's continued growth and success is largely dependent on the experience, abilities and dedication of its management and technical personnel. As the Company expands in areas and activities requiring additional expertise, it will require additional management and technical personnel. The market is tight and competition is intense for highly-skilled management, technical, research and development people and other employees to support the Company's growth. Loss of the services of any of its key officers or employees, or failure to recruit additional key executive and technical personnel may adversely affect the Company's ability to promptly satisfy its customer needs and may therefore impede the Company's growth objectives.

There can be no assurances that Bluedrop can retain its current key officers and employees or attract and retain additional key employees to support the Company's growth. The loss of certain key employees could have a significant impact on the Company's business, results of operations and financial condition.

OUTLOOK

During 2014 and 2015 the Company continued to execute on its business plan of driving growth. To this end and on December 31, 2013 the Company acquired Atlantis Systems Corp., an entity providing training services and simulation products to the defence and aerospace industry. The acquisition has brought the Company a broadened customer list in the defence and aerospace business which will position it well to acquire additional contract work in this segment. The Company will also be strategically aligned to secure work from planned major procurement programs already announced by the Government of Canada.

The Company continued during the year with its previously announced realignment of its two operating business units for focus on two areas: (i) the development and delivery of training programs, and simulation technologies for the defence and aerospace industry, and (ii) the development and delivery of its SaaS Bluedrop Learning Network platform and programs for extended enterprise solutions that target employment and worker safety. The two new corporate entities are Bluedrop Training & Simulation Inc. and Bluedrop Learning Networks Inc. and are subsidiaries of the Company. The restructuring has been undertaken for operating efficiencies, tax planning and future corporate initiatives. The Company expects to continue to realize the benefits of the strategic realignment of the two business units with a sharper focus in each and by setting clear targets and objectives for each. The Company has made progress with the realignment in 2015 and has laid the foundation for future opportunities to arise therefrom.

The Bluedrop Training & Simulation group in 2015 demonstrated that it is well positioned as a training partner of choice for prime contractors. In July it was announced that Boeing would provide funding for the development of a next generation rear crew trainer for the Chinook helicopter. Additionally, Boeing committed to a five year plan to provide sales and marketing support for future product sales and to include the new device in their global supply chain. The Bluedrop Training and Simulation group plans on launching more software-based simulation products as a major area of strategic focus.

We re-aligned the Bluedrop Learning Networks group during the 2015 fiscal year to focus on four key market verticals where our technology and expertise provides customers with low cost and efficient solutions. The four key verticals include Canadian Workforce, US Workforce, NGO/Not-For-Profit and Occupational Health & Safety. We have positioned the Bluedrop Learning Networks group as pioneers behind Integrated Skills Management, a new product category that exceeds the limitations of traditional Learning Management Systems.

Going forward the Bluedrop Learning Networks group will be focused on adding new larger scale clients with many users who require a complete training solution to engage, track training, deliver online learning and manage the entire training experience. The new SaaS *Bluedrop360*™ Training and Delivery Platform is the central part of this service and the aim is to increase long term recurring revenue.