

November 18, 2015



# Legacy Education Alliance, Inc. Announces Third Quarter 2015 Results

CAPE CORAL, Fla.-- Legacy Education Alliance, Inc. (OTCQB: LEAI) ([www.legacyeducationalliance.com](http://www.legacyeducationalliance.com)), a leading international provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate, and financial instruments investing, announces financial results for the quarter ended September 30, 2015.

During the third quarter of 2015, Legacy Education Alliance continued to generate growth in attendance while further diversifying its operations globally. Cash sales, a key metric for evaluating the Company's operating performance, increased 17% quarter-over-quarter, and non-U.S. sales increased 20% quarter-over-quarter. Third quarter GAAP revenue was flat year-over-year at \$22.5 million.

## 2015 THIRD QUARTER OVERVIEW

- Cash sales were \$24.2 million for the third quarter 2015 compared to \$20.7 million in the third quarter 2014, an increase of \$3.5 million or 17%.
- Attendance increased \$3.2 million, or 22% in the third quarter 2015 compared to the third quarter 2014.
- Non-U.S. sales were \$8.1 million for the third quarter 2015 compared to \$6.7 million in the third quarter 2014, an increase of \$1.4 million or 20%.
- Net cash provided by operating activities was \$3.5 million in the third quarter 2015 compared to net cash used in operating activities of \$(0.9) million in the third quarter of 2014, an increase in cash of \$4.5 million.
- GAAP revenue was \$22.5 million for the third quarter 2015 compared to \$22.5 million for the third quarter of 2014.
- Total operating costs were \$23.7 million for the third quarter 2015 compared to \$23.1 million for the third quarter of 2014, an increase of \$0.6 million or 3%.
- GAAP net loss was \$1.0 million, or \$0.04 per basic and diluted share, for the third quarter 2015, compared to a net loss of \$0.4 million, or \$0.02 per basic and diluted share, for the third quarter 2014.

"Cash sales, a key metric for evaluating our operating performance, showed solid improvement in the third quarter," stated Anthony Humpage, CEO of Legacy Education Alliance. Humpage continued, "Our focus on expanding foreign sales also showed significant progress in the third quarter, with non-U.S. sales increasing to 36% of total revenue, up from less than 30% in the same period in 2014. We also saw strong improvement in our class attendance, which helps drive revenue, during the third quarter, with fulfillment up an

impressive 22% quarter-over-quarter.”

“Furthermore, our new online course initiative is expected to add revenue growth moving forward. Aided by the launch of our new affiliate marketing program for the financial education space, which is the first of its kind in the industry, as well as our expanding foreign sales and the ongoing launch of new brand offerings, we believe we are operating from a position of strength that will enhance our ability to improve shareholder value,” concluded Humpage.

### **Q3 2015 VERSUS Q3 2014 RESULTS**

Cash sales were \$24.2 million for the three months ended September 30, 2015 compared to \$20.7 million for the three months ended September 30, 2014, an increase of \$3.5 million or 17%. GAAP Revenue for the three months ended September 30, 2015 was \$22.5 million compared to \$22.5 million for the three months ended September 30, 2014. Although revenue was flat quarter over quarter, attendance (i.e. fulfillment) increased \$3.2 million, or 22%, and recognition of revenue from expired contracts increased \$0.2 million, or 4%, offset by the decline in recognition of revenue of \$3.4 million, or 68%, due to the change in our revenue recognition policy with regards to DVD fulfillment.

Total operating costs and expenses were \$23.7 million for the three months ended September 30, 2015 compared to \$23.1 million for the three months ended September 30, 2014, an increase of \$0.6 million or 3%. The increase was primarily driven by a \$1.7 million increase in direct course expenses partially offset by lower advertising and sales expenses of \$0.4 million, general and administrative expenses of \$0.5 million, and \$0.2 million in royalty expenses.

Net loss on a GAAP basis was \$1.0 million, or \$0.04 per basic and diluted share for the three months ended September 30, 2015, compared to a net loss of \$0.4 million, or \$0.02 per basic and diluted share for the year ago period. Third quarter net loss was negatively impacted by the decline in recognition of revenue of \$3.4 million due to the change in our revenue recognition policy with regards to DVD fulfillment, whereas the prior year period was positively impacted by \$5.0 million due to this same policy change.

### **YTD 2015 VERSUS YTD 2014 RESULTS**

Cash sales were \$70.6 million for the nine months ended September 30, 2015 compared to \$62.5 million for the nine months ended September 30, 2014, an increase of \$8.1 million or 13.0%. GAAP Revenue was \$66.9 million for the nine months ended September 30, 2015 compared to \$75.0 million for the nine months ended September 30, 2014, a decline of \$8.1 million or 11.0%. The decrease was due to the decline in recognition of revenue of \$11.4 million or 63.0%, due to the change in our revenue recognition policy with regards to DVD fulfillment offset by increased attendance (i.e. fulfillment) of \$2.0 million or 4.0% and recognition of revenue from expired contracts of \$1.3 million or 15.0%.

Total operating costs and expenses were \$69.9 million for the nine months ended September 30, 2015 compared to \$69.2 million for the nine months ended September 30, 2014, an increase of \$0.7 million or 1.0%. The increase was due to a \$3.0 million increase in direct course expenses partially offset by a \$1.4 million decrease in royalty expense and a \$0.9 million decrease in advertising and sales expenses.

Net income (loss) on a GAAP basis was \$(2.6) million or \$(0.12) per basic and diluted common share for the nine months ended September 30, 2015, compared to net income of \$7.4 million or \$0.50 per basic and \$0.47 per diluted common share for the year ago period. Net loss for the nine months ended September 30, 2015 was negatively impacted by the decline in recognition of revenue of \$11.4 million due to the change in our revenue recognition policy with regards to DVD fulfillment, whereas the prior year period was positively impacted by \$18.1 million due to this same policy change.

## **CASH FLOW**

Net cash provided by operating activities was \$3.5 million in the nine months ended September 30, 2015 compared to net cash used in operating activities of \$(0.9) million in the nine months ended September 30, 2014. The \$4.5 million increase was primarily the result of a decrease in current liabilities for deferred revenue in 2014 as a result of increased recognition of revenue due to the change in our revenue recognition policy with regards to DVD fulfillment.

## **About Legacy Education Alliance, Inc.**

Legacy Education Alliance, Inc. (<http://www.legacyeducationalliance.com>) is a leading international provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate, and financial instruments investing. Legacy Education Alliance was founded in 1996, and through a reverse merger, became a publicly-held company in November 2014. Today we are a global company with approximately 200 employees that has cumulatively served more than two million students from more than 150 countries and territories over the course of our operating history. We manage our business in four segments based on geographic location. These segments include our historical core markets of the United States, Canada, and the United Kingdom, with the fourth segment including all other international markets.

We offer our training through a variety of brands including Rich Dad® Education, Brick Buy Brick™; The Independent Woman™; Women in Wealth™; Robbie Fowler's Property Academy™; Making Money From Property With Martin Roberts™; and Trade Up Investor Education™. For more information, visit our website at [www.legacyeducationalliance.com](http://www.legacyeducationalliance.com).

## **Forward-Looking Statements**

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (which Sections were adopted as part of the Private Securities Litigation Reform Act of 1995). Statements preceded by, followed by or that otherwise include the words "believe," "anticipate," "estimate," "expect," "intend," "plan," "project," "prospects," "outlook," and similar words or expressions, or future or conditional verbs such as "will," "should," "would," "may," and "could" are generally forward-looking in nature and not historical facts. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any anticipated results, performance or achievements. The Company disclaims any intention to, and undertakes no obligation to, revise any forward-looking statements, whether as a result of new information, a future event, or otherwise. For additional risks and uncertainties that could impact the

Company's forward-looking statements, please see the Company's Form 10-K, filed on March 27, 2015, including but not limited to the discussion under "Risk Factors" therein, which the Company has filed with the SEC and which may be viewed at <http://www.sec.gov>.

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