

November 14, 2016



Legacy Education Alliance, Inc. Announces Third Quarter 2016 Results

CAPE CORAL, Fla.--(BUSINESS WIRE)-- Legacy Education Alliance, Inc. (OTCQB: LEAI) (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 markets investing strategies and techniques, announces financial results for the three months ended September 30, 2016.

2016 THIRD QUARTER FINANCIAL HIGHLIGHTS

- Net income was \$1.2 million, or \$0.05 per basic and diluted common share, for the third quarter 2016, compared to a net loss of \$(1.0) million, or \$(0.04) per basic and diluted common share, for the third quarter 2015.
- Non-U.S. revenue was \$8.7 million in the third quarter 2016, compared to \$8.1 million in the third quarter 2015, an increase of \$0.6 million or 7.4%.
- Total operating costs and expenses were \$21.7 million for the third quarter 2016, compared to \$23.7 million for the third quarter 2015, a decrease of \$2.0 million or 8.4%.

"We generated significant year-over-year improvement in net income for both the three and nine month periods ended September 30, 2016," said Anthony Humpage, CEO of Legacy Education Alliance.

"Our focus remains on brand and channel diversification, and we're just scratching the surface of the potential in international markets. With our strengthening financial position, we believe we can capitalize on growth opportunities that will drive long-term shareholder value improvement," concluded Humpage.

Q3 2016 VERSUS Q3 2015 RESULTS

Revenue was \$22.5 million for the three months ended September 30, 2016 compared to \$22.5 million for the three months ended September 30, 2015. Revenue was flat year over year, as the increase in recognition of revenue from expired contracts of \$1.2 million or 39.6% and increased attendance (i.e. fulfillment) of \$0.4 million or 2.1%, was offset by the decline in recognition of revenue of \$1.6 million or 100.0%, due to the change in our revenue recognition policy with regards to DVD fulfillment. Cash sales were \$21.5 million for the three months ended September 30, 2016 compared to \$24.2 million for the three months ended September 30, 2015, a decrease of \$2.7 million or 11.2%. The decrease was driven primarily by a \$4.8 million decrease in our U.S. segment related to the effects of a sluggish U.S. economy, which was partially offset by \$3.3 million increase in our International segment.

Total operating costs and expenses were \$21.7 million for the three months ended September 30, 2016 compared to \$23.7 million for the three months ended September 30, 2015, a decrease of \$2.0 million or 8.4%. The decrease was primarily due to a \$0.7 million decrease in direct course expenses, a \$0.7 million decrease in advertising and sales expenses, a \$0.5 million decrease in general and administrative expenses and a \$0.1 million decrease in royalty expense.

Net income was \$1.2 million or \$0.05 per basic and diluted common share for the three months ended September 30, 2016, compared to a net loss of (\$1.0) million or (\$0.04) per basic and diluted common share for the three months ended September 30, 2015, an increase in net income of \$2.2 million or \$0.09 per basic and diluted common share. Net income for the three months ended September 30, 2016 was positively impacted by the decreases in operating costs and expenses of \$2.0 million or 8.4%, primarily due to decreases in direct course expenses, advertising and sales expenses and general and administrative expenses.

YTD 2016 VERSUS YTD 2015 RESULTS

Revenue was \$68.6 million for the nine months ended September 30, 2016 compared to \$66.9 million for the nine months ended September 30, 2015, an increase of \$1.7 million or 2.5%. The increase was due to increased attendance (i.e. fulfillment) of \$6.7 million or 13.3% and the increase in recognition of revenue from expired contracts of \$1.4 million or 14.7%, partially offset by the decline in recognition of revenue of \$6.4 million or 95.1%, due to the change in our revenue recognition policy with regards to DVD fulfillment. Cash sales were \$65.5 million for the nine months ended September 30, 2016 compared to \$70.6 million for the nine months ended September 30, 2015, a decrease of \$5.1 million or 7.2%. The decrease was driven primarily by a \$8.0 million decrease in our U.S. segment related to the effects of a sluggish U.S. economy, which was partially offset by \$5.4 million increase in our International segment.

Total operating costs and expenses were \$66.3 million for the nine months ended September 30, 2016 compared to \$69.9 million for the nine months ended September 30, 2015, a decrease of \$3.6 million or 5.2%. The decrease was due to a \$1.6 million decrease in general and administrative expenses, a \$0.8 million decrease in royalty expense, a \$0.7 million decrease in advertising and sales expenses, and a \$0.5 million decrease in direct course expenses.

Net income was \$2.8 million or \$0.13 per basic and \$0.12 per diluted common share for the nine months ended September 30, 2016, compared to a net loss of (\$2.6) million or (\$0.12) per basic and diluted common share for the nine months ended September 30, 2015, an increase in net income of \$5.4 million or \$0.25 per basic and \$0.24 per diluted common share. Net income for the nine months ended September 30, 2016 was positively impacted by the increase in revenue primarily due to increased attendance (i.e. fulfillment) of \$6.7 million or 13.3% and decreases in operating costs and expenses of \$3.6 million or 5.2%, due to decreases in general and administrative expenses of \$1.6 million, royalty expense of \$0.8 million, advertising and sales expenses of \$0.7 million and direct course expenses of \$0.5 million.

CASH FLOW AND CAPITAL STRUCTURE

The following is a summary of our cash flow activities for the periods stated (in thousands):

	Nine Months Ended	
	September 30,	
	2016	2015
Net cash provided by (used in) operating activities	(2,006)	3,525
Net cash used in investing activities	(40)	(83)
Net cash provided by (used in) financing activities	(7)	452
Effect of foreign currency exchange rates	841	(1,024)
Net increase (decrease) in cash and cash equivalents	<u>(1,212)</u>	<u>2,870</u>

Net cash used in operating activities was \$2.0 million in the nine months ended September 30, 2016 compared to net cash provided by operating activities of \$3.5 million in the nine months ended September 30, 2015, representing a period-over-period decrease of \$5.5 million. This decrease was primarily the result of a decrease in current liabilities for deferred revenue in 2016, driven by increased revenue recognition related to the previously-mentioned increase in fulfillment.

Our consolidated capital structure as of September 30, 2016 and December 31, 2015 was 100.0% equity.

CONFERENCE CALL

Legacy Education Alliance, Inc. will hold a conference call on Tuesday, November 15 at 3:00 p.m. ET to discuss its financial results for the three months ended September 30, 2016.

To participate in the call, please dial (888) 296-4174, or (719) 325-2430 for international calls, approximately 10 minutes prior to the scheduled start time.

A replay of the call will be available for two weeks from 6:00 p.m. ET on November 15, 2016, until 11:59 p.m. ET on November 29, 2016. The number for the replay is (844) 512-2921, or (412) 317-6671 for international calls; the passcode for the replay is 5924025.

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 markets investing strategies and techniques. Legacy Education Alliance was founded in 1996, 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 offer our training through a variety of brands including Rich Dad® Education; Rich Dad® Stock Education; Making Money from Property with Martin Roberts™; Brick Buy Brick™; Building Wealth; Robbie Fowler Property Academy™; Women in Wealth™; The Independent Woman™; Trade Up Investor Education™; and Elite Business Star™. For more information, visit our website at 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 Annual Report on Form 10-K (including but not limited to the discussion under “Risk Factors” therein) filed with the SEC on March 28, 2016 and which may be viewed at <http://www.sec.gov>.

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