

April 2, 2018



Legacy Education Alliance, Inc. Announces Fiscal Year 2017 Results

- Revenue of \$97.7 million for the year ended December 31, 2017, up \$8.5 million or 9.5% YoY

- UK and Other Foreign Market Segments Combine for Revenue Increase of 31.0% YoY

- Operating Cash Flows and Liquidity increased \$7.0 Million YoY

- Cash Sales of \$99.2 Million increased 14.3% YoY

Company to hold Conference Call on Wednesday, April 4, 2018

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, today announced financial results for the fiscal year ended December 31, 2017.

Fiscal Year 2017 Overview

- Net income was \$4.3 million or \$0.19 per basic and \$0.18 per diluted common share for the year ended December 31, 2017 compared to net income of \$3.9 million or \$0.18 per basic and \$0.17 per diluted common share for the year ended December 31, 2016, an increase in net income of \$0.4 million or 10.7%. Net income was negatively impacted by a \$2.9 million increase in income tax expense or \$0.14 per basic and \$0.13 per diluted common share YoY.
- Revenue was \$97.7 million for the year ended December 31, 2017 compared to \$89.2 million for the year ended December 31, 2016, an increase of \$8.5 million or 9.5%.
- Combined UK and Other Foreign Market Segments revenue was \$40.6 million for the year ended December 31, 2017 compared to \$31.1 million for the year ended December 31, 2016, an increase of \$9.5 million or 31.0%.
- Cash sales were \$99.2 million for the year ended December 31, 2017 compared to \$86.8 million for the year ended December 31, 2016, an increase of \$12.4 million or 14.3%.
- Total operating costs and expenses were \$95.9 million for the year ended December 31, 2017 compared to \$86.7 million for the year ended December 31, 2016, an increase of \$9.2 million or 10.6%.
- Net cash provided by operating activities was \$5.4 million in the year ended December 31, 2017 compared to net cash used in operating activities of \$1.6 million in the year

ended December 31, 2016, representing a period-over-period increase of \$7.0 million.

"Our strong revenue and cash sales growth in 2017 were the result of our concerted efforts in executing on our key business initiatives. We accomplished our goals for the year in revenue, cash sales, international expansion, and customer fulfillment growth, and our ERP implementation, and made significant strides in new brand development and enhanced course delivery capabilities. Of prime importance, we also successfully extended the term of the 2013 License Agreement with RDOC and settled litigation where we received a net amount from the settlement of \$4.3 million," said Anthony Humpage, Legacy Education Alliance CEO. "As we embark on our 25th year of service, we are thrilled to continue our leadership as a 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. We continue to experience growing traction with international expansion as evidenced by continued strong growth in our Other Foreign Markets segment. Our goals for 2018 and beyond are continued expansion in the delivery of courses and training offerings that meet the evolving needs of the digitally connected consumer, which we expect will yield margin enhancements, and cost efficiencies with improved digital and online course delivery of our branded offerings. We also expect to begin realizing the benefits of our completed implementation of our new ERP system, which we have long anticipated will drive efficiencies in the operational sales, marketing, accounting/finance and customer service areas of the business. We expect our cash sales will continue to increase throughout 2018, through broader brand development and traction and improved sales and marketing strategies in new markets, which we envision driving improved shareholder value throughout the year. We will continue to fund our working capital, capital expenditures, and 2018 key strategic initiatives with cash on hand and cash provided by our operations," Mr. Humpage concluded.

FY 2017 VERSUS FY 2016 RESULTS

Revenue was \$97.7 million for the year ended December 31, 2017 compared to \$89.2 million for the year ended December 31, 2016, an increase of \$8.5 million or 9.5%. The increase was due to increased attendance (i.e. fulfillment) of \$6.9 million or 9.2% and the increase in recognition of revenue from expired contracts of \$2.0 million or 13.9%, partially offset by the decline in recognition of revenue of \$0.4 million, due to the change in our revenue recognition policy with regards to DVD fulfillment. Cash sales were \$99.2 million for the year ended December 31, 2017 compared to \$86.8 million for the year ended December 31, 2016, an increase of \$12.4 million or 14.3%. The increase in cash sales was driven primarily by a \$5.4 million increase in our Other Foreign Markets segment, a \$4.5 million increase in our North America segment and a \$2.5 million increase in our U.K. segment.

Total operating costs and expenses were \$95.9 million for the year ended December 31, 2017 compared to \$86.7 million for the year ended December 31, 2016, an increase of \$9.2 million or 10.6%. The increase was due to a \$6.2 million increase in direct course expenses, a \$2.3 million increase in general and administrative expenses, including one-time expenses of \$0.8 million for our ERP implementation and related consulting costs of \$0.4 million, a \$0.4 million increase in royalty expense and a \$0.3 million increase in advertising and sales expenses.

Net income was \$4.3 million or \$0.19 per basic and \$0.18 per diluted common share for the

year ended December 31, 2017, compared to a net income of \$3.9 million or \$0.18 per basic and \$0.17 per diluted common share for the year ended December 31, 2016, an increase in net income of \$0.4 million or 10.7%. Net income for the year ended December 31, 2017 was positively impacted by the increase in revenue primarily due to increased attendance (i.e. fulfillment) of \$6.9 million or 9.2% and by the increase in other income of \$4.0 million, partially offset by the increase in operating and income tax expenses. Net income was negatively impacted by a \$2.9 million increase in income tax expense or \$0.14 per basic and \$0.13 per diluted common share year over year.

CASH FLOW AND CAPITAL STRUCTURE

Net cash provided by operating activities was \$5.4 million in the year ended December 31, 2017 compared to net cash used in operating activities of \$1.6 million in the year ended December 31, 2016, representing a period-over-period increase of \$7.0 million. This increase was primarily the result of an increase in current liabilities for deferred revenue in 2017 as a result of increased cash sales and the proceeds received from the settlement of litigation.

Our consolidated capital structure as of December 31, 2017 and December 31, 2016 was 100.0% equity.

CONFERENCE CALL

Legacy Education Alliance, Inc. will hold a conference call on Wednesday, April 4, 2018 at 4:30 p.m. ET to discuss its financial results for the fiscal year ended December 31, 2017.

To listen to the conference call, interested parties within the U.S. should dial 1-800-281-7973 or 1-323-794-2093 for international calls, approximately 10 minutes prior to the scheduled start time. Conference ID: 6172769. The conference call will also be available through a live webcast, which can be accessed at <http://public.viavid.com/index.php?id=128905> or through the company's website at <http://ir.legacyeducationalliance.com/ir-calendar>.

Management will answer pre-submitted questions gathered prior to the earnings conference call in the Question and Answer period of the call. Interested parties may submit questions for Management's consideration prior to the call by submitting them in writing to Legacy Education Alliance Investor Relations at scottg@coreir.com.

A replay of the call will be available approximately one hour after the conclusion of the call through April 18, 2018. The number for the replay is (844) 512-2921 (US), or (412) 317-6671 for international calls; the passcode for the replay is 6172769.

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™; Perform in Property™, Teach Me to Trade™, and Trade Up Investor Education™. For more information, please 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 April 2, 2018 and which may be viewed at <http://www.sec.gov>.

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share data)

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,005	\$ 1,711
Restricted cash	2,899	3,148
Deferred course expenses	9,417	9,067
Prepaid expenses and other current assets	6,408	3,458
Inventory	330	348
Total current assets	25,059	17,732
Property and equipment, net	1,187	1,130
Deferred tax asset, net	441	1,295
Other assets	333	207
Total assets	<u>\$ 27,020</u>	<u>\$ 20,364</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable	\$ 2,860	\$ 3,344
Royalties payable	188	175
Accrued course expenses	1,829	1,082
Accrued salaries, wages and benefits	1,506	840
Other accrued expenses	2,430	2,052
Long-term debt, current portion	11	11
Deferred revenue, current portion	57,151	54,389
Total current liabilities	65,975	61,893
Long-term debt, net of current portion	20	31
Deferred revenue, net of current portion	602	235
Other liabilities	1,188	379
Total liabilities	67,785	62,538

Commitments and contingencies (Note 10)

Stockholders' deficit:

Preferred stock, \$0.0001 par value, 20,000,000 shares authorized, none issued	—	—
Common stock, \$0.0001 par value, 200,000,000 shares authorized, 23,007,519 and 22,630,927 shares issued and outstanding at December 31, 2017 and 2016, respectively	2	2
Additional paid-in capital	11,299	11,073
Cumulative foreign currency translation adjustment	(445)	2,668
Accumulated deficit	(51,621)	(55,917)
Total stockholders' deficit	(40,765)	(42,174)
Total liabilities and stockholders' deficit	\$ 27,020	\$ 20,364

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Income

(In thousands, except per share data)

	Years Ended	
	December 31,	
	2017	2016
Revenue	\$97,730	\$89,196
Operating costs and expenses:		
Direct course expenses	53,972	47,843
Advertising and sales expenses	19,790	19,484
Royalty expenses	4,746	4,341
General and administrative expenses	17,408	15,055
Total operating costs and expenses	95,916	86,723

Income from operations	1,814	2,473
Other income (expense):		
Interest expense	(9)	(5)
Other income (expense), net	4,480	472
Total other income (expense), net	4,471	467
Income before income taxes	6,285	2,940
Income tax (expense) benefit	(1,989)	941
Net income	<u>\$ 4,296</u>	<u>\$ 3,881</u>
Basic earnings per common share	\$ 0.19	\$ 0.18
Diluted earnings per common share	\$ 0.18	\$ 0.17
Basic weighted average common shares outstanding	21,510	21,092
Diluted weighted average common shares outstanding	22,857	22,133
Comprehensive income:		
Net income	\$ 4,296	\$ 3,881
Foreign currency translation adjustments, net of tax of \$0	(3,113)	988
Total comprehensive income	<u>\$ 1,183</u>	<u>\$ 4,869</u>

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended	
	December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,296	\$ 3,881
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	125	146
Loss/(Gain) on change in fair value of derivatives	(85)	82
Share-based compensation	226	168
Deferred income taxes	1,667	(1,297)
<i>Changes in operating assets and liabilities:</i>		
Restricted cash	330	(319)
Deferred course expenses	(49)	(407)
Prepaid expenses and other receivable	(2,813)	(1,389)
Inventory	34	118
Other assets	(42)	(4)

Accounts payable-trade	(675)	1,137
Royalties payable	12	12
Accrued course expenses	699	(67)
Accrued salaries, wages and benefits	657	(396)
Other accrued expenses	516	(1,617)
Deferred revenue	496	(1,945)
Other liabilities	—	334
Net cash provided by (used in) operating activities	<u>5,394</u>	<u>(1,563)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(181)</u>	<u>(55)</u>
Net cash used in investing activities	<u>(181)</u>	<u>(55)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	<u>(11)</u>	<u>(10)</u>
Net cash used in financing activities	<u>(11)</u>	<u>(10)</u>
Effect of exchange rate differences on cash	<u>(908)</u>	<u>(1,542)</u>
Net increase (decrease) in cash and cash equivalents	<u>4,294</u>	<u>(3,170)</u>
Cash and cash equivalents, beginning of period	<u>\$ 1,711</u>	<u>\$ 4,881</u>
Cash and cash equivalents, end of period	<u>\$ 6,005</u>	<u>\$ 1,711</u>

Supplemental disclosures:

Cash paid during the period for interest	\$ 10	\$ 8
Cash paid during the period for income taxes, net of refunds received	\$ 1,240	\$ 12

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