

May 15, 2018



Legacy Education Alliance, Inc. Announces Fiscal First Quarter 2018 Results

-Revenue of \$25.7 million for the first quarter ended March 31, 2018, up \$3.8 million or 17.4% YoY

-UK and Other Foreign Market Segments Combine for Revenue Increase of 5.6% YoY

-Cash Sales of \$27.6 Million, up \$3.2 million or 13.1% YoY

-Operating Cash Flows and Liquidity decreased \$0.4 Million YoY

Company to hold Conference Call on Tuesday, May 22, 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 first quarter ended March 31, 2018.

First Quarter 2018 Overview

- Net loss was (\$0.9) million or (\$0.04) per basic and diluted common share for the three months ended March 31, 2018, compared to a net loss of (\$0.3) million or (\$0.01) per basic and diluted common share for the three months ended March 31, 2017, an increase in net loss of (\$0.6) million or (\$0.03) per basic and diluted common share. Net loss was negatively impacted by a \$0.7 million increase in income tax expense or (\$0.03) per basic and (\$0.03) per diluted common share in 2018 compared to the same period on 2017.
- Revenue was \$25.7 million for the three months ended March 31, 2018 compared to \$21.9 million for the three months ended March 31, 2017, an increase of \$3.8 million or 17.4%.
- Combined UK and Other Foreign Market Segments revenue was \$9.8 million for the period ended March 31, 2018 compared to \$9.3 million for the first quarter of 2017, an increase of \$0.5 million or 5.6%.
- Cash sales were \$27.6 million for the three months ended March 31, 2018 compared to \$24.4 million for the three months ended March 31, 2017, an increase of \$3.2 million or 13.1%.
- Total operating costs and expenses were \$26.2 million for the three months ended

March 31, 2018 compared to \$22.7 million for the three months ended March 31, 2017, an increase of \$3.5 million or 15.5%.

- Net cash provided by operating activities was \$1.4 million in the three months ended March 31, 2018 compared to net cash provided by operating activities of \$1.9 million in the three months ended March 31, 2017, representing a period-over-period decrease of \$0.4 million. This decrease was primarily the result of a decrease in current liabilities for deferred revenue in 2018.

"We continue to execute on our key business initiatives, resulting in continued increases in revenue, customer fulfillment, and cash sales growth; while continuing to make progress in our new brand development and enhanced course delivery capabilities during the first quarter of 2018," said Anthony Humpage, Legacy Education Alliance CEO. "As we begin this 25th year of service, we are focused on maintaining 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."

FIRST QUARTER 2018 VERSUS FIRST QUARTER 2017 RESULTS

Revenue was \$25.7 million for the three months ended March 31, 2018 compared to \$21.9 million for the three months ended March 31, 2017. Revenue increased \$3.8 million or 17.4% during the three months ended March 31, 2018 compared to the same period in 2017. The increase in revenue was due to increased attendance (i.e. fulfillment) of \$2.7 million or 14.1% and from expired contracts of \$1.1 million or 37.9%.

Total operating costs and expenses were \$26.2 million for the three months ended March 31, 2018 compared to \$22.7 million for the three months ended March 31, 2017, an increase of \$3.5 million or 15.5%. The increase was primarily due to a \$1.3 million increase in direct course expenses, a \$1.0 million increase in advertising and sales expenses, a \$0.7 million increase in royalty expense and a \$0.5 million increase general and administrative expenses.

Net loss was (\$0.9) million or (\$0.04) per basic and diluted common share for the three months ended March 31, 2018, compared to a net loss of (\$0.3) million or (\$0.01) per basic and diluted common share for the three months ended March 31, 2017, an increase in net loss of (\$0.6) million or (\$0.03) per basic and diluted common share. Net loss for the three months ended March 31, 2018 was partially offset by the increase in revenue primarily due to increased attendance (i.e. fulfillment) of \$2.7 million or 14.1% and from expired contracts of \$1.1 million or 37.9%. Net loss was negatively impacted by a \$0.7 million increase in income tax expense or (\$0.03) per basic and (\$0.03) per diluted common share in 2018 compared to the same period on 2017.

CASH FLOW AND CAPITAL STRUCTURE

Net cash provided by operating activities was \$1.4 million in the three months ended March 31, 2018 compared to net cash provided by operating activities of \$1.9 million in the three months ended March 31, 2017, representing a period-over-period decrease of \$0.4 million. This decrease was primarily the result of a decrease in current liabilities for deferred revenue in 2018.

Our consolidated capital structure as of March 31, 2018 and December 31, 2017 was 100.0% equity.

CONFERENCE CALL

Legacy Education Alliance, Inc. will hold a conference call on Tuesday, May 22, 2018 at 4:30pm ET to discuss its financial results for the first quarter ended March 31, 2018.

To listen to the conference call, interested parties within the U.S. should dial 1-800-289-0438 or 1-323-794-2423 for international calls, approximately 10 minutes prior to the scheduled start time. Conference ID: 5982132. The conference call will also be available through a live webcast, which can be accessed at <http://public.viavid.com/index.php?id=129760> 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 June 5, 2018. The number for the replay is (844) 512-2921 (US), or (412) 317-6671 for international calls; the passcode for the replay is 5982132.

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>.

Condensed Consolidated Financial Statements Follow:

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)
(In thousands, except share data)

ASSETS

Current assets:

Cash and cash equivalents

Restricted cash

Deferred course expenses

Prepaid expenses and other current assets

Inventory

Total current assets

Property and equipment, net

Deferred tax asset, net

Other assets

Total assets

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable

Royalties payable

Accrued course expenses

Accrued salaries, wages and benefits

Other accrued expenses

Long-term debt, current portion

Deferred revenue, current portion

Total current liabilities

Long-term debt, net of current portion

Deferred revenue, net of current portion

Other liabilities

Total liabilities

Commitments and contingencies (Note 11)

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 23,007,519 outstanding at March 31, 2018 and December 31, 2017, respectively

Additional paid-in capital

Cumulative foreign currency translation adjustment

Accumulated deficit

Total stockholders' deficit

Total liabilities and stockholders' deficit

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Revenue	\$ 25,755	\$ 21,965
Operating costs and expenses:		
Direct course expenses	14,214	12,863
Advertising and sales expenses	5,572	4,591
Royalty expenses	1,556	893
General and administrative expenses	4,848	4,341
Total operating costs and expenses	<u>26,190</u>	<u>22,688</u>
Loss from operations	<u>(435)</u>	<u>(723)</u>
Other income (expense):		
Interest expense	(4)	(3)
Other income (expense), net	(21)	83
Total other income (expense), net	<u>(25)</u>	<u>80</u>
Loss before income taxes	(460)	(643)
Income tax (expense) benefit	(397)	333
Net loss	<u>\$ (857)</u>	<u>\$ (310)</u>
Basic loss per common share	\$ (0.04)	\$ (0.01)
Diluted loss per common share	\$ (0.04)	\$ (0.01)
Basic weighted average common shares outstanding	23,008	22,631
Diluted weighted average common shares outstanding	23,008	22,631

Comprehensive loss:				
Net loss	\$	(857)	\$	(310)
Foreign currency translation adjustments, net of tax of \$0		(421)		(298)
Total comprehensive loss	\$	<u>(1,278)</u>	\$	<u>(608)</u>

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	<u>Three Months Ended March 31,</u>	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (857)	\$ (310)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	29	33
Gain on change in fair value of derivatives	(22)	(72)
Share-based compensation	57	51
Deferred income taxes	(69)	(555)
<i>Changes in operating assets and liabilities:</i>		
Deferred course expenses	(121)	(717)
Prepaid expenses and other receivable	148	(229)
Inventory	(15)	(12)
Other assets	(3)	(27)
Accounts payable-trade	1,074	(143)
Royalties payable	167	146
Accrued course expenses	273	1,205
Accrued salaries, wages and benefits	468	16
Other accrued expenses	1,253	432
Deferred revenue	(937)	1,832
Other liabilities	—	212
Net cash provided by operating activities	<u>1,445</u>	<u>1,862</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(29)	(81)
Net cash used in investing activities	<u>(29)</u>	<u>(81)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(3)	(3)
Net cash used in financing activities	<u>(3)</u>	<u>(3)</u>
Effect of exchange rate differences on cash	(28)	5
Net increase in cash and cash equivalents and restricted cash	<u>1,385</u>	<u>1,783</u>

Cash and cash equivalents and restricted cash, beginning of period	\$ 8,904	\$ 4,859
Cash and cash equivalents and restricted cash, end of period	<u>\$ 10,289</u>	<u>\$ 6,642</u>

Supplemental disclosures:

Cash paid during the period for interest	\$ 4	\$ 3
Cash paid during the period for income taxes, net of refunds received	\$ 40	\$ —

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