

April 24, 2019



Legacy Education Alliance, Inc. Announces Fiscal Year 2018 Results

Revenue of \$93.4 million for the year ended December 31, 2018, a decrease of \$4.3 million or 4.4%

UK and Other Foreign Market Segments Combine for Revenue of \$40.4 million

Cash Sales of \$96.8 million for the year ended December 31, 2018, a decrease of \$2.4 million or 2.4%

Net loss of \$10.0 million or \$0.43 per basic and diluted common share for the year ended December 31, 2018, a decrease in net income of \$14.3 million or \$0.62 per basic common share and \$0.61 per diluted common share

Operating Cash Flows of \$(1.7) million for the year ended December 31, 2018, representing a period-over-period decrease of \$6.8 million.

Company to hold Conference Call Today at 4:30 p.m. ET

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, 2018.

Fiscal Year 2018 Overview

- Net loss was \$10.0 million or \$0.43 per basic and diluted common share for the year ended December 31, 2018, compared to net income of \$4.3 million or \$0.19 per basic common share and \$0.18 per diluted common share for the year ended December 31, 2017. This was a decrease in net income of \$14.3 million or \$0.62 per basic common share and \$0.61 per diluted common share.
- Revenue was \$93.4 million for the year ended December 31, 2018 compared to \$97.7 million for the year ended December 31, 2017, a decrease of \$4.3 million or 4.4%.
- Combined UK and Other Foreign Market Segments revenue was \$40.4 million for the year ended December 31, 2018 compared to \$40.5 million for the year ended December 31, 2017, a decrease of \$100 thousand.
- Cash sales were \$96.8 million for the year ended December 31, 2018 compared to \$99.2 million for the year ended December 31, 2017, a decrease of \$2.4 million or 2.4%.

- Total operating costs and expenses were \$102.5 million for the year ended December 31, 2018 compared to \$95.9 million for the year ended December 31, 2017, an increase of \$6.5 million or 6.8%.
- Net cash used in operating activities was \$1.7 million in the year ended December 31, 2018 compared to net cash provided by operating activities of \$5.1 million in the year ended December 31, 2017, representing a period-over-period decrease of \$6.8 million.

“Our 2018 financial results were negatively impacted by a variety of factors, many of which we believe occurred outside the course of normal business operation,” said James May, Interim CEO. “We feel that the bulk of these expense increases are behind us and that the investment in our business was necessary to sustain future growth.”

FY 2018 VERSUS FY 2017 RESULTS

Revenue was \$93.4 million for the year ended December 31, 2018 compared to \$97.7 million for the year ended December 31, 2017, a decrease of \$4.3 million or 4.4%. The decrease was due to decreased fulfillment of \$7.8 million or 9.5%, partially offset by the increase in recognition of revenue from expired contracts of \$3.4 million or 21.0%. Cash sales were \$96.8 million for the year ended December 31, 2018 compared to \$99.2 million for the year ended December 31, 2017, a decrease of \$2.4 million or 2.4%. The decrease was driven primarily by a \$4.0 million decrease in our Other Foreign Markets segment and a \$1.2 million decrease in our U.K. segment partially offset by a \$2.8 million increase in our North America segment.

Total operating costs and expenses were \$102.5 million for the year ended December 31, 2018 compared to \$95.9 million for the year ended December 31, 2017, an increase of \$6.5 million or 6.8%. The increase was due to a \$1.8 million increase in direct course expenses, a \$1.8 million increase in general and administrative expenses, and a \$2.9 million increase in advertising and sales expenses.

Net loss was \$10.0 million or \$0.43 per basic and diluted common share for the year ended December 31, 2018, compared to net income of \$4.3 million or \$0.19 per basic common share and \$0.18 per diluted common share for the year ended December 31, 2017, a decrease in net income of \$14.3 million or \$0.62 per basic common share and \$0.61 per diluted common share. Note that the net loss for the year ended December 31, 2018 was negatively impacted by the decrease in revenue of \$4.3 million, the increase in operating costs of \$6.5 million, and the decrease in other income of \$4.5 million.

CASH FLOW AND CAPITAL STRUCTURE

Net cash used in operating activities was \$1.7 million in the year ended December 31, 2018 compared to net cash provided by operating activities of \$5.1 million in the year ended December 31, 2017, representing a period-over-period decrease of \$6.8 million. This decrease was primarily the result of decreased earnings.

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

CONFERENCE CALL

Legacy Education Inc. will hold a conference call on Wednesday, April 24, 2019 at 4:30 p.m. EDT to discuss its financial results for the fiscal year ended December 31, 2018.

To listen to the conference call, interested parties within the U.S. should dial 1-866-548-4713 or 1-323-794-2093 for international calls, approximately 10 minutes prior to the scheduled start time. Conference ID: 6288024. The conference call will also be available through a live webcast, which can be accessed at <http://public.viavid.com/index.php?id=134044> 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 May 8, 2019. The number for the replay is (844) 512-2921 (US), or (412) 317-6671 for international calls; the passcode for the replay is 6288024.

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 165 full-time 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™, and Teach Me to Trade™. 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 15, 2019 and which may be viewed at <http://www.sec.gov>.

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,557	\$ 6,005
Restricted cash	5,080	2,899
Deferred course expenses	8,547	9,417
Prepaid expenses and other current assets	3,132	6,408
Inventory	89	330
Total current assets	18,405	25,059
Property and equipment, net	1,880	1,187
Deferred tax asset, net	97	441
Other assets	178	333
Total assets	\$ 20,560	\$ 27,020
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 4,962	\$ 2,860
Royalties payable	210	188
Accrued course expenses	1,483	1,829
Accrued salaries, wages and benefits	748	1,506
Other accrued expenses	2,614	2,430
Long-term debt, current portion	512	11
Deferred revenue, current portion	57,353	57,151
Total current liabilities	67,882	65,975
Long-term debt, net of current portion	8	20
Deferred revenue, net of current portion	—	602
Other liabilities	1,331	1,188
Total liabilities	69,221	67,785
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, 23,120,852 and		

23,007,519 shares issued and outstanding at December 31, 2018 and 2017, respectively	2	2
Additional paid-in capital	11,470	11,299
Cumulative foreign currency translation adjustment	1,444	(445)
Accumulated deficit	(61,577)	(51,621)
Total stockholders' deficit	<u>(48,661)</u>	<u>(40,765)</u>
Total liabilities and stockholders' deficit	<u>\$ 20,560</u>	<u>\$ 27,020</u>

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Income
(Loss)
(In thousands, except per share data)

	Years Ended	
	December 31,	
	2018	2017
Revenue	<u>\$ 93,409</u>	<u>\$97,730</u>
Operating costs and expenses:		
Direct course expenses	55,800	53,972
Advertising and sales expenses	22,740	19,790
Royalty expenses	4,698	4,746
General and administrative expenses	19,250	17,408
Total operating costs and expenses	<u>102,488</u>	<u>95,916</u>
Income (loss) from operations	<u>(9,079)</u>	<u>1,814</u>
Other income (expense):		
Interest expense	(40)	(9)
Other income (expense), net	(368)	4,480
Total other income (expense), net	<u>(408)</u>	<u>4,471</u>
Income (loss) before income taxes	(9,487)	6,285
Income tax expense	(469)	(1,989)
Net income (loss)	<u>\$ (9,956)</u>	<u>\$ 4,296</u>
Basic earnings (loss) per common share	\$ (0.43)	\$ 0.19
Diluted earnings (loss) per common share	\$ (0.43)	\$ 0.18
Basic weighted average common shares outstanding	23,014	21,510
Diluted weighted average common shares outstanding	23,014	22,857
Comprehensive income (loss):		
Net income (loss)	\$ (9,956)	\$ 4,296
Foreign currency translation adjustments, net of tax of \$0	<u>1,889</u>	<u>(3,113)</u>

Total comprehensive income

\$ (8,067) \$ 1,183

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Deficit
(In thousands)

	<u>Common stock</u>		<u>Additional</u>	<u>Cumulative</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>paid-in</u>	<u>foreign</u>	<u>deficit</u>	<u>stockholders'</u>
			<u>capital</u>	<u>currency</u>		<u>deficit</u>
				<u>translation</u>		
				<u>adjustment</u>		
Balance at December 31, 2016	<u>22,631</u>	<u>2</u>	<u>11,073</u>	<u>2,668</u>	<u>(55,917)</u>	<u>(42,174)</u>
Issuance of common stock for services	400	—	—	—	—	—
Share-based compensation expense	—	—	226	—	—	226
Cancellation of common stock	(23)	—	—	—	—	—
Foreign currency translation adjustment, net of tax of \$0	—	—	—	(3,113)	—	(3,113)
Net Income	—	—	—	—	4,296	4,296
Balance at December 31, 2017	<u>23,008</u>	<u>\$ 2</u>	<u>\$ 11,299</u>	<u>\$ (445)</u>	<u>\$ (51,621)</u>	<u>\$ (40,765)</u>
Share-based compensation expense	—	—	171	—	—	171
Issuance of common stock	120	—	—	—	—	—
Cancellation of common stock	(7)	—	—	—	—	—
Foreign currency						

translation adjustment, net						
of tax of \$0	—	—	—	1,889	—	1,889
Net Loss	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(9,956)</u>	<u>(9,956)</u>
Balance at December 31, 2018	<u>23,121</u>	<u>\$ 2</u>	<u>\$ 11,470</u>	<u>\$ 1,444</u>	<u>\$ (61,577)</u>	<u>\$ (48,661)</u>

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

	Years Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$(9,956)	\$ 4,296
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	146	125
Gain on change in fair value of derivatives	(24)	(85)
Share-based compensation	170	226
Deferred income taxes	487	1,667
<i>Changes in operating assets and liabilities:</i>		
Deferred course expenses	703	(49)
Prepaid expenses and other receivable	3,084	(2,813)
Inventory	236	34
Other assets	26	(42)
Accounts payable-trade	2,248	(675)
Royalties payable	23	12
Accrued course expenses	(290)	699
Accrued salaries, wages and benefits	(751)	657
Other accrued expenses	611	516
Deferred revenue	1,581	496
Net cash provided by (used in) operating activities	<u>(1,706)</u>	<u>5,064</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(858)</u>	<u>(181)</u>
Net cash used in investing activities	<u>(858)</u>	<u>(181)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	<u>(11)</u>	<u>(11)</u>
Proceeds from issuance debt	<u>500</u>	<u>—</u>

Net cash provided by (used in) financing activities	489	(11)
Effect of exchange rate differences on cash	<u>(192)</u>	<u>(908)</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,267)</u>	<u>4,045</u>
Cash and cash equivalents and restricted cash, beginning of period	<u>\$ 8,904</u>	<u>\$ 4,859</u>
Cash and cash equivalents and restricted cash, end of period	<u><u>\$ 6,637</u></u>	<u><u>\$ 8,904</u></u>

Supplemental disclosures:

Cash paid during the period for interest	\$ 40	\$ 10
Cash paid during the period for income taxes, net of refunds received	\$ (924)	\$ 1,240

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