

May 17, 2019



Legacy Education Alliance, Inc. Announces Fiscal First Quarter 2019 Results

- Revenue of \$24.6 Million for the first quarter ended March 31, 2019, a decrease of \$1.2 Million or 4.7% YoY
- UK and Other Foreign Market Segments Combine for Revenue of \$9.6 Million
- Cash Sales Increase to \$28.1 Million, up \$0.5 Million or 1.8% YoY
- Net loss and loss per share in Q1 2019 of \$0.1 million or \$0.00 per share compared to Q1 2018, improved \$0.8 million or 88.9%
- Operating Cash Flows and Liquidity Improve to \$3.5 Million, an increase of \$2.1 Million or 145% YoY

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, 2019.

First Quarter 2019 Overview

- Net loss was \$0.1 million or (\$0.00) per basic and diluted common share for the three months ended March 31, 2019 compared to a net loss of \$0.9 million or (\$0.04) per basic and diluted common share for the three months ended March 31, 2018, a decrease in net loss of \$0.8 million or \$0.4 per basic and diluted common share.
- Revenue was \$24.6 million for the three months ended March 31, 2019 compared to \$25.8 million for the three months ended March 31, 2018, a decrease of \$1.2 million or 4.7%.
- Combined UK and Other Foreign Market Segments revenue was \$9.6 million for the three months ended March 31, 2019 compared to \$9.8 million for the three months ended March 31, 2018, a decrease of \$0.2 million or 2%.
- Cash sales were \$28.1 million for the three months ended March 31, 2019 compared to \$27.6 million for the three months ended March 31, 2018, an increase of \$0.5 million or 1.8%.
- Total operating costs and expenses were \$24.6 million for the three months ended March 31, 2019 compared to \$26.2 million for the three months ended March 31, 2018, a decrease of \$1.6 million or 6.1%.
- Net cash provided by operating activities was \$3.5 million in the three months ended March 31, 2019 compared to net cash provided by operating activities of \$1.4 million in the three months ended March 31, 2018, representing a period-over-period increase of \$2.1 million or 145%.

“We are pleased that the actions we undertook in 2018 to reduce costs and improve liquidity are having a positive effect on our financial performance, as evidenced by our increased cash sales and reduced operating expenses compared to the same period in 2018,” said James May, Interim Chief Executive Officer. “We are working to build on the momentum begun in this quarter where we experienced a sequential revenue increase of 24% over the \$19.9 million in Q4 2018 and a significant improvement in operating cash flows both from the end of 2018 and in Q1 2019 over Q1 2018.”

FIRST QUARTER 2019 VERSUS FIRST QUARTER 2018 RESULTS

Revenue was \$24.6 million for the three months ended March 31, 2019 compared to \$25.8 million for the three months ended March 31, 2018. Revenue decreased \$1.2 million or 4.7% during the three months ended March 31, 2019 compared to the same period in 2018. The decrease in revenue was due to decreased fulfillment of \$3.1 million or 14.3%, partially offset by an increase in revenue from expired contracts of \$1.9 million or 45.8%.

Total operating costs and expenses were \$24.6 million for the three months ended March 31, 2019 compared to \$26.2 million for the three months ended March 31, 2018, a decrease of \$1.6 million or 6.1%. The decrease was primarily due to a \$1.5 million decrease in direct course expenses, a \$0.2 million decrease in advertising and sales expenses, a \$0.1 million decrease in general and administrative expenses, partially offset by a \$0.2 million increase in royalty expenses.

Net loss was \$0.1 million or (\$0.00) per basic and diluted common share for the three months ended March 31, 2019 compared to a net loss of \$0.9 million or (\$0.04) per basic and diluted common share for the three months ended March 31, 2018, a decrease in net loss of \$0.8 million or \$0.4 per basic and diluted common share.

CASH FLOW AND CAPITAL STRUCTURE

Net cash provided by operating activities was \$3.5 million in the three months ended March 31, 2019 compared to net cash provided by operating activities of \$1.4 million in the three months ended March 31, 2018, representing a period-over-period increase of \$2.1 million or 145%. This increase was primarily the result of increased earnings, and an increase in current liabilities for deferred revenue, partially offset by a decrease in accounts payable.

Our consolidated capital structure as of March 31, 2019 and December 31, 2017 was 100.0% equity.

CONFERENCE CALL

Management will host a conference call on Monday, May 20, 2019 at 4:30 p.m. ET to discuss its financial results for the first quarter ended March 31, 2019 and provide a corporate update. To listen to the conference call, interested parties within the U.S. should dial 1-800-289-0438 or 1-323-794-2570 for international calls, approximately 10 minutes prior to the scheduled start time. Conference ID: 6545440. The conference call will also be available through a live webcast, which can be accessed at: <http://public.viavid.com/index.php?id=134667> 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 3, 2019. The number for the replay is (844) 512-2921 (US), or (412) 317-6671 for international calls; the passcode for the replay is 6545440.

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
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share data)

	March 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$3,979	\$ 1,557
Restricted cash	6,761	5,080
Deferred course expenses	8,972	8,547
Prepaid expenses and other current assets	3,514	3,132
Inventory	83	89
Total current assets	23,309	18,405
Property and equipment, net	1,734	1,880
Right-of-use assets	1,399	—
Deferred tax asset, net	182	97
Other assets	252	178
Total assets	\$26,876	\$20,560
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$5,300	\$4,962
Royalties payable	395	210
Accrued course expenses	2,474	1,483
Accrued salaries, wages and benefits	516	748
Operating lease liability	802	—
Other accrued expenses	3,697	2,614
Long-term debt, current portion	891	512
Deferred revenue, current portion	60,003	57,353
Total current liabilities	74,078	67,882
Long-term debt, net of current portion	—	8
Operating lease liability, net of current portion	597	—
Other liabilities	1,331	1,331
Total liabilities	76,006	69,221
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized, none issued	—	—
Common stock, \$0.0001 par value; 200,000,000 authorized; 23,107,852 and 23,120,852 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	2	2
Additional paid-in capital	11,498	11,470
Cumulative foreign currency translation adjustment	1,052	1,444
Accumulated deficit	(61,682)	(61,577)
Total stockholders' deficit	(49,130)	(48,661)

Total liabilities and stockholders' deficit	\$ 26,876	\$ 20,560
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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,	
	2019	2018
Revenue	\$ 24,576	\$ 25,755
Operating costs and expenses:		
Direct course expenses	13,081	14,614
Advertising and sales expenses	5,438	5,572
Royalty expenses	1,360	1,156
General and administrative expenses	4,695	4,848
Total operating costs and expenses	24,574	26,190
Income/(loss) from operations	2	(435)
Other income (expense):		
Interest expense	(41)	(4)
Other income (expense), net	(126)	(21)
Total other income (expense), net	(167)	(25)
Loss before income taxes	(165)	(460)
Income tax (expense) benefit	60	(397)
Net loss	\$ (105)	\$ (857)
Basic loss per common share	\$ (0.00)	\$ (0.04)
Diluted loss per common share	\$ (0.00)	\$ (0.04)
Basic weighted average common shares outstanding	23,117	23,008
Diluted weighted average common shares outstanding	23,117	23,008
Comprehensive loss:		
Net loss	\$ (105)	\$ (857)
Foreign currency translation adjustments, net of tax of \$0	(392)	(421)
Total comprehensive loss	\$ (497)	\$ (1,278)

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS'
DEFICIT

(Unaudited)
(In thousands)

	Common stock		Additional paid-in capital	Cumulative foreign currency translation adjustment	Accumulated deficit	Total stockholders deficit
	Shares	Amount				
Balance at December 31, 2017	23,008	\$2	\$ 11,299	\$ (445)	\$ (51,621)	\$ (40,765)
Share-based compensation expense	—	—	57	—	—	57
Foreign currency translation adjustment, net of tax of \$0	—	—	—	(421)	—	(421)
Net Loss	—	—	—	—	(857)	(857)
Balance at March 31, 2018	23,008	\$2	\$ 11,356	\$ (866)	\$ (52,478)	\$ (41,986)

	Common stock		Additional paid-in capital	Cumulative foreign currency translation adjustment	Accumulated deficit	Total stockholders deficit
	Shares	Amount				
Balance at December 31, 2018	23,121	\$2	\$ 11,470	\$ 1,444	\$ (61,577)	\$ (48,661)
Share-based compensation expense	—	—	28	—	—	28
Cancellation of common stock	(13)	—	—	—	—	—

Foreign currency translation adjustment, net of tax of \$0	—	—	—	(392	)	—	(392
Net Loss	—	—	—	—		(105	) (105
Balance at March 31, 2019	23,108	\$2	\$ 11,498	\$ 1,052		\$ (61,682	) \$ (49,130

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

	Three Months Ended March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(105	) \$(857
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	42	29
Gain on the sale of fixed assets	(10)
Gain on change in fair value of derivatives	—	(22
Share-based compensation	28	57
Deferred income taxes	(83	) (69
<i>Changes in operating assets and liabilities:</i>		
Deferred course expenses	(364	) (121
Prepaid expenses and other receivable	(375	) 148
Inventory	7	(15
Other assets	(84	) (3
Accounts payable-trade	273	1,074
Royalties payable	184	167
Accrued course expenses	984	273
Accrued salaries, wages and benefits	(236	) 468
Other accrued expenses	1,051	1,253
Deferred revenue	2,226	(937
Net cash provided by operating activities	3,538	1,445

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment, net	136	(29)
Net cash provided by (used in) investing activities	136	(29)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on debt	(8	)	(3)
Proceeds from issuance of debt	395	—		
Net cash provided by (used in) financing activities	387	(3)	
Effect of exchange rate differences on cash	42	(28)	
Net increase in cash and cash equivalents and restricted cash	4,103	1,385		
Cash and cash equivalents and restricted cash, beginning of period	\$6,637	\$8,904		
Cash and cash equivalents and restricted cash, end of period	\$10,740	\$10,289		

Supplemental disclosures:

Cash paid during the period for interest	\$42	\$4
Cash paid during the period for income taxes, net of refunds received	\$12	\$40

Contacts

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