

November 14, 2018



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

- Revenue of \$22.6 million for third quarter ended September 30, 2018
- Non-U.S. Revenue of \$9.9 Million
- Cash Sales of \$23.3 Million
- Net loss improved by \$1.2 Million or 49.4% from Q2 2018
- Operating Cash Flows and Liquidity improved \$0.6 Million or 28.3% from Q2 2018

Company to hold Conference Call on Thursday, November 15, 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 third quarter ended September 30, 2018.

Third Quarter 2018 Overview

- Net loss was \$1.2 million or (\$0.05) per basic and diluted common share for the three months ended September 30, 2018, compared to a net income of \$1.4 million or \$0.06 per basic and diluted common share for the three months ended September 30, 2017.
- Revenue was \$22.6 million for the three months ended September 30, 2018 compared to \$25.2 million for the three months ended September 30, 2017.
- Combined UK and Other Foreign Market Segments revenue was \$9.9 million for the three months ended September 30, 2018 compared to \$10.1 million for the third quarter of 2017.
- Cash sales were \$23.3 million for the three months ended September 30, 2018 compared to \$24.5 million for the three months ended September 30, 2017.
- Total operating costs and expenses were \$24.4 million for the three months ended September 30, 2018 compared to \$23.6 million for the three months ended September 30, 2017.

“Even though we ended the third quarter with a net loss, our company remains positive as it looks toward the future,” said Anthony Humpage, Legacy Education Alliance CEO. In

early Q3 of this year we took steps to reduce our expenses to improve profitability and cash flow. Because of these actions, our net loss improved by \$1.2 million or 49.4% and our operating cash flow improved by \$0.6 million or 28.3% this quarter as compared with the prior quarter. We anticipate this trend to continue in Q4.”

THIRD QUARTER 2018 VERSUS THIRD QUARTER 2017 RESULTS

Revenue was \$22.6 million for the three months ended September 30, 2018 compared to \$25.2 million for the three months ended September 30, 2017. Revenue decreased \$2.6 million or 10.3% during the three months ended September 30, 2018 compared to the same period in 2017. The decrease in revenue was due to a decrease in revenue from expired contracts of \$1.7 million or 27.3% and decreased attendance (i.e. fulfillment) of \$0.9 million or 5.0%.

Cash sales were \$23.3 million for the three months ended September 30, 2018 compared to \$24.5 million for the three months ended September 30, 2017, a decrease of \$1.2 million or 4.9%. The decrease was driven primarily by a \$1.4 million decrease in our Other Foreign Markets segment and a \$0.6 million decrease in our U.K. segment, partially offset by an increase of \$0.8 million in our North America segment.

Total operating costs and expenses were \$24.4 million for the three months ended September 30, 2018 compared to \$23.6 million for the three months ended September 30, 2017, an increase of \$0.8 million or 3.4%. The increase was primarily due to a \$0.7 million increase in advertising and sales expenses, a \$0.5 million increase general and administrative expenses, and a \$0.1 million increase in royalty expenses, partially offset by a \$0.5 million decrease in direct course expenses.

Net loss was \$1.2 million or (\$0.05) per basic and diluted common share for the three months ended September 30, 2018, compared to a net income of \$1.4 million or \$0.06 per basic and diluted common share for the three months ended September 30, 2017, an increase in net loss of (\$2.6) million or (\$0.11) per basic and diluted common share. Net loss for the three months ended September 30, 2018 was primarily due to decreases in revenue as a result of decrease in revenue from expired contracts of \$1.7 million or 27.3% and decreased attendance (i.e. fulfillment) of \$0.9 million or 5.0%.

YTD 2018 VERSUS YTD 2017 RESULTS

Revenue was \$73.5 million for the nine months ended September 30, 2018 compared to \$73.4 million for the nine months ended September 30, 2017. Revenue increased \$0.1 million or 0.1% during the nine months ended September 30, 2018 compared to the same period in 2017. The increase in revenue was due to increase in revenue from expired contracts of \$1.4 million or 11.4%, partially offset by decreased attendance (i.e. fulfillment) of \$1.3 million or 2.2%.

Cash sales were \$75.6 million for the nine months ended September 30, 2018 compared to \$75.7 million for the nine months ended September 30, 2017, a slight decrease of \$0.1 million or 0.1%. The decrease was driven primarily by a \$2.3 million decrease in our Other Foreign Markets segment and a \$0.6 million decrease in our U.K. segment, which was partially offset by a \$2.8 million increase in our North America segment.

Total operating costs and expenses were \$78.8 million for the nine months ended September 30, 2018 compared to \$70.6 million for the nine months ended September 30, 2017, an increase of \$8.2 million or 11.6%. The increase was primarily due to a \$3.0 million increase in direct course expenses, a \$2.6 million increase in advertising and sales expenses, a \$1.9 million increase general and administrative expenses and a \$0.7 million increase in royalty expense.

Net loss was \$4.5 million or (\$0.20) per basic and diluted common share for the nine months ended September 30, 2018, compared to a net income of \$3.0 million or \$0.13 per basic and \$0.12 per diluted common share for the nine months ended September 30, 2017, an increase in net loss of (\$7.5) million or (\$0.33) per basic and (\$0.32) per diluted common share. Net loss for the nine months ended September 30, 2018, was negatively affected by the increase in operating expenses.

CASH FLOW AND CAPITAL STRUCTURE

Net cash used in operating activities was \$1.6 million in the nine months ended September 30, 2018 compared to net cash provided by operating activities of \$4.8 million in the nine months ended September 30, 2017, representing a period-over-period decrease of \$6.4 million. This decrease was primarily the result of decreased earnings as a result of (i) increased advertising and marketing expense primarily related to our efforts to diversify our product offerings through the introduction and the development of our proprietary brands, and (ii) increased general and administrative expenses primarily driven by increases in professional fees and software costs in connection with our new ERP system which was placed into production in January 2018.

Our consolidated capital structure as of September 30, 2018 and December 31, 2017 was 100.0% equity.

CONFERENCE CALL

The company will hold a conference call on Thursday, November 15, 2018 at 4:30pm ET to discuss its financial results for the third quarter ended September 30, 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: 3323769. The conference call will also be available through a live webcast, which can be accessed at <http://public.viavid.com/index.php?id=132291> 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 November 29, 2018. The number for the replay is (844) 512-2921 (US), or (412) 317-6671 for international calls; the passcode for the replay is 3323769.

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 SHEETS
(Unaudited)
(In thousands, except share data)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		

Cash and cash equivalents	\$	3,386	\$	6,005
Restricted cash		3,684		2,899
Deferred course expenses		8,768		9,417
Prepaid expenses and other current assets		5,623		6,408
Inventory		276		330
Total current assets		<u>21,737</u>		<u>25,059</u>
Property and equipment, net		1,907		1,187
Deferred tax asset, net		363		441
Other assets		211		333
Total assets	\$	<u>24,218</u>	\$	<u>27,020</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	\$	2,824	\$	2,860
Royalties payable		307		188
Accrued course expenses		2,414		1,829
Accrued salaries, wages and benefits		671		1,506
Other accrued expenses		3,088		2,430
Short-term borrowings and current portion of long-term debt		512		11
Deferred revenue, current portion		58,138		57,151
Total current liabilities		<u>67,954</u>		<u>65,975</u>
Long-term debt, net of current portion		11		20
Deferred revenue, net of current portion		9		602
Other liabilities		37		1,188
Total liabilities		<u>68,011</u>		<u>67,785</u>
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, 23,000,852 and 23,007,519 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively		2		2
Additional paid-in capital		11,444		11,299
Cumulative foreign currency translation adjustment		875		(445)
Accumulated deficit		(56,114)		(51,621)
Total stockholders' deficit		<u>(43,793)</u>		<u>(40,765)</u>
Total liabilities and stockholders' deficit	\$	<u>24,218</u>	\$	<u>27,020</u>

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME/(LOSS)
(Unaudited)

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	\$ 22,557	\$ 25,235	\$ 73,534	\$ 73,408
Operating costs and expenses:				
Direct course expenses	12,929	13,411	42,540	39,494
Advertising and sales expenses	5,691	5,010	17,261	14,732
Royalty expenses	1,172	1,119	4,381	3,651
General and administrative expenses	4,584	4,114	14,630	12,686
Total operating costs and expenses	24,376	23,654	78,812	70,563
Income/(loss) from operations	(1,819)	1,581	(5,278)	2,845
Other income (expense):				
Interest expense	(5)	(2)	(13)	(7)
Other income (expense), net	(194)	(67)	(242)	85
Total other income (expense), net	(199)	(69)	(255)	78
Income/(loss) before income taxes	(2,018)	1,512	(5,533)	2,923
Income tax (expense) benefit	797	(119)	1,040	107
Net income/(loss)	\$ (1,221)	\$ 1,393	\$ (4,493)	\$ 3,030
Basic earnings/(loss) per common share	\$ (0.05)	\$ 0.06	\$ (0.20)	\$ 0.13
Diluted earnings/(loss) per common share	\$ (0.05)	\$ 0.06	\$ (0.20)	\$ 0.12
Basic weighted average common shares outstanding	23,005	21,275	23,007	21,281
Diluted weighted average common shares outstanding	23,005	23,022	23,007	22,807
Comprehensive income/(loss):				
Net income/(loss)	\$ (1,221)	\$ 1,393	\$ (4,493)	\$ 3,030
Foreign currency translation adjustments, net of tax of \$0	334	(1,714)	1,320	(2,992)
Total comprehensive income/(loss)	\$ (887)	\$ (321)	\$ (3,173)	\$ 38

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

**Nine Months Ended
September 30,**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ (4,493)	\$ 3,030
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	108	95
Gain on change in fair value of derivatives	(24)	(97)
Share-based compensation	145	168
Deferred income taxes	(1,072)	(145)
<i>Changes in operating assets and liabilities:</i>		
Deferred course expenses	577	(598)
Prepaid expenses and other receivable	622	(1,248)
Inventory	51	36
Other assets	(5)	(35)
Accounts payable-trade	37	(200)
Royalties payable	120	129
Accrued course expenses	619	1,041
Accrued salaries, wages and benefits	(832)	114
Other accrued expenses	868	719
Deferred revenue	1,636	1,813
Net cash provided by (used in) operating activities	<u>(1,643)</u>	<u>4,822</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(839)	(114)
Net cash used in investing activities	<u>(839)</u>	<u>(114)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(9)	(8)
Proceeds from issuance debt	500	—
Net cash provided by (used in) financing activities	<u>491</u>	<u>(8)</u>
Effect of exchange rate differences on cash	157	(1,050)
Net increase (decrease) in cash and cash equivalents and restricted cash	<u>(1,834)</u>	<u>3,650</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>\$ 7,070</u>	<u>\$ 8,509</u>
Supplemental disclosures:		
Cash paid during the period for interest	\$ 13	\$ 7
Cash paid during the period for income taxes, net of refunds received	(774)	\$ 30

Legacy Education Alliance, Inc.

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Source: Legacy Education Alliance, Inc.