

August 14, 2017



Legacy Education Alliance, Inc. Announces Second Quarter of 2017 Results

- *Non-U.S. Revenue increased 27.6%*
- *Other Foreign Markets Segment Revenue increased 47.1%*
- *Total Revenue of \$24.8 Million*
- *Cash Sales increased 18.1%*
- *Operating Cash Flows and Liquidity increased \$3.8 Million YoY*

Company to hold Conference Call on Monday, August 14, 2017

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 three months and six months ended June 30, 2017.

Second Quarter 2017 Highlights

- Net income was \$1.0 million or \$0.04 per basic and diluted common share for the quarter ended June 30, 2017 consistent with net income of \$1.0 million or \$0.05 per basic and \$0.04 diluted common share for the quarter ended June 30, 2016;
- Revenue was \$24.8 million for the quarter ended June 30, 2017 compared to \$23.4 million for the quarter ended June 30, 2016, an increase of \$1.4 million or 6.0%;
- Non-U.S. revenue was \$11.1 million for the quarter ended June 30, 2017 compared to \$8.7 million for the quarter ended June 30, 2016, an increase of \$2.4 million or 27.6%;
- Other Foreign Markets segment revenue was \$5.0 million for the quarter ended June 30, 2017 compared to \$3.4 million for the quarter ended June 30, 2016, an increase of \$1.6 million or 47.1%;
- Cash sales were \$26.8 million for the quarter ended June 30, 2017 compared to \$22.7 million for the quarter ended June 30, 2016, an increase of \$4.1 million or 18.1%;
- Total operating costs and expenses were \$24.0 million for the quarter ended June 30, 2017 compared to \$22.7 million for the quarter ended June 30, 2016, an increase of \$1.3 million or 5.7%;
- Net cash provided by operating activities was \$3.2 million in the six months ended June 30, 2017 compared to net cash used in operating activities of \$0.6 million in the six months ended June 30, 2016, representing a period-over-period increase of \$3.8 million.

"We are pleased to report another quarter of consistent financial and operational performance," said Anthony Humpage, CEO of Legacy Education Alliance. "Our brand and channel diversification, as well as geographic market expansion, continues to gain traction as indicated by our overall non-U.S. revenue increase of 28%. Also, our cash sales grew over 18% for the second quarter," Mr. Humpage added. "We anticipate showing further increases in cash sales throughout 2017, particularly as new brands gain greater traction in our more established markets, and as we continue to expand internationally and hone our selling and marketing strategy in new markets."

SECOND QUARTER 2017 VERSUS SECOND QUARTER 2016 RESULTS

Revenue was \$24.8 million for the three months ended June 30, 2017 compared to \$23.4 million for the three months ended June 30, 2016. Revenue increased \$1.4 million or 6.0% during the three months ended June 30,

2017 compared to the same period in 2016. The increase in revenue was due to increases in recognition of revenue from expired contracts of \$1.7 million, which was partially offset by a decrease in recognition of revenue from attendance (i.e. fulfillment) of \$0.3 million.

Cash sales were \$26.8 million for the three months ended June 30, 2017 compared to \$22.7 million for the three months ended June 30, 2016, an increase of \$4.1 million or 18.1%. The increase was driven primarily by a \$3.0 million increase in our U.S. segment and a \$1.8 million increase in our Other Foreign Markets segment, which was partially offset by a \$0.3 million and a \$0.4 million decline in our Canada and U.K. segments.

Total operating costs and expenses were \$24.0 million for the three months ended June 30, 2017 compared to \$22.7 million for the three months ended June 30, 2016, an increase of \$1.3 million or 5.7%, which is consistent with the increase in revenue. The increase was primarily due to a \$0.6 million increase in royalty expense, a \$0.5 million increase in general and administrative expenses, of which \$0.3 million was due to our new Enterprise Resource Planning ("ERP") system upgrade, and a \$0.4 million increase in direct course expenses, partially offset by a \$0.2 million decrease in advertising and sales expenses.

Net income was \$1.0 million or \$0.04 per basic and diluted common share for the three months ended June 30, 2017 consistent with net income of \$1.0 million or \$0.05 per basic and \$0.04 per diluted common share for the three months ended June 30, 2016.

YTD 2017 VERSUS YTD 2016 RESULTS

Revenue was \$47.6 million for the six months ended June 30, 2017 compared to \$46.1 million for the six months ended June 30, 2016. Revenue increased \$1.5 million or 3.3% during the six months ended June 30, 2017 compared to the same period in 2016. The increase in revenue was due to increased attendance (i.e. fulfillment) of \$1.3 million and increases in recognition of revenue from expired contracts of \$0.6 million, which was 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 \$51.2 million for the six months ended June 30, 2017 compared to \$44.0 million for the six months ended June 30, 2016, an increase of \$7.2 million or 16.4%. The increase was driven primarily by a \$4.6 million increase in our Other Foreign Markets segment, a \$1.9 million increase in our U.S. segment and a \$1.4 million increase in our U.K. segment, which was partially offset by a \$0.7 million decrease in our Canada segment.

Total operating costs and expenses were \$46.7 million for the six months ended June 30, 2017 compared to \$44.6 million for the six months ended June 30, 2016, an increase of \$2.1 million or 4.7%. The increase was primarily due to a \$1.7 million increase in direct course expenses, a \$0.9 million increase in general and administrative expenses, of which \$0.6 million was due to our new ERP system upgrade, and a \$0.4 million increase in royalty expense, partially offset by a \$0.9 million decrease in advertising and sales expenses.

Net income was \$1.2 million or \$0.05 per basic and diluted common share for the six months ended June 30, 2017 compared to a net income of \$1.6 million or \$0.08 per basic and \$0.07 per diluted common share for the six months ended June 30, 2016, a decrease in net income of \$0.4 million or \$0.03 per basic and \$0.02 per diluted common share. The decrease in net income was primarily driven by \$0.6 million increase in general and administrative expenses related to the implementation of our new ERP system.

CASH FLOW AND CAPITAL STRUCTURE

Net cash provided by operating activities was \$3.2 million in the six months ended June 30, 2017 compared to net cash used in operating activities of \$0.6 million in the six months ended June 30, 2016, representing a period-over-period increase of \$3.8 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.

Our consolidated capital structure as of June 30, 2017 and December 31, 2016 was 100.0% equity.

CONFERENCE CALL

Legacy Education Alliance, Inc. will hold a conference call on Monday, August 14, 2017 at 4:30 p.m. ET to discuss its financial results for the second quarter that ended June 30, 2017.

To listen to the conference call, interested parties within the U.S. should dial 1-800-946-0708 or 1-719-325-4752 for international calls, approximately 10 minutes prior to the scheduled start time. Participants should ask for the Legacy Education Alliance conference call. Conference ID: 6338583. The conference call will also be available through a live webcast at <http://public.viavid.com/index.php?id=125780>. 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 review 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 August 28, 2017. The number for the replay is (844) 512-2921 (US), or (412) 317-6671 for international calls; the passcode for the replay is 6338583. The replay will also be available via the internet at <http://public.viavid.com/index.php?id=124384> and through the company's website at <http://ir.legacyeducationalliance.com/ir-calendar>.

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™; The Independent Woman™; 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 March 31, 2017 and which may be viewed at <http://www.sec.gov>.

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		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Revenue	\$ 24,780	\$ 23,375	\$ 47,595	\$ 46,113
Operating costs and expenses:				
Direct course expenses	13,007	12,584	25,836	24,238
Advertising and sales expenses	5,131	5,322	9,722	10,589

Royalty expenses	1,639	1,070	2,532	2,043
General and administrative expenses	<u>4,237</u>	<u>3,685</u>	<u>8,572</u>	<u>7,744</u>
Total operating costs and expenses	24,008	22,661	46,662	44,614
Income from operations	<u>772</u>	<u>714</u>	<u>933</u>	<u>1,499</u>
Other income (expense):				
Interest income (expense), net	(2)	1	(5)	(2)
Other income, net	69	319	152	140
Total other income, net	<u>67</u>	<u>320</u>	<u>147</u>	<u>138</u>
Income before income taxes	839	1,034	1,080	1,637
Income tax benefit/(expense)	156	(9)	135	(19)
Net income	<u>\$ 995</u>	<u>\$ 1,025</u>	<u>\$ 1,215</u>	<u>\$ 1,618</u>
Basic earnings per common share	\$ 0.04	\$ 0.05	\$ 0.05	\$ 0.08
Diluted earnings per common share	\$ 0.04	\$ 0.04	\$ 0.05	\$ 0.07
Basic weighted average common shares outstanding	21,284	20,961	21,284	20,961
Diluted weighted average common shares outstanding	22,763	21,846	22,697	21,846
Comprehensive income/(loss):				
Net income	\$ 995	\$ 1,025	\$ 1,215	\$ 1,618
Foreign currency translation adjustments, net of tax of \$0	(980)	1,474	(1,278)	1,959
Total comprehensive income (loss)	<u>\$ 15</u>	<u>\$ 2,499</u>	<u>\$ (63)</u>	<u>\$ 3,577</u>

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

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,705	\$ 1,711
Restricted cash	3,403	3,148
Deferred course expenses	9,711	9,067
Prepaid expenses and other current assets	4,083	3,458
Inventory	373	348
Total current assets	<u>22,275</u>	<u>17,732</u>
Property and equipment, net	1,170	1,130
Deferred tax asset, net	1,563	1,295
Other assets	305	207
Total assets	<u>\$ 25,313</u>	<u>\$ 20,364</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 3,049	\$ 3,344
Royalties payable	376	175
Accrued course expenses	1,840	1,082
Accrued salaries, wages and benefits	1,127	840
Other accrued expenses	2,583	2,052
Long-term debt, current portion	11	11
Deferred revenue, current portion	<u>57,397</u>	<u>54,389</u>
Total current liabilities	66,383	61,893
Long-term debt, net of current portion	26	31

Deferred revenue, net of current portion	555	235
Other liabilities	479	379
Total liabilities	<u>67,443</u>	<u>62,538</u>
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, 23,030,929 and 22,630,927 shares issued and outstanding at June 30, 2017 and December 31, 2016	2	2
Additional paid-in capital	11,180	11,073
Cumulative foreign currency translation adjustment	1,390	2,668
Accumulated deficit	(54,702)	(55,917)
Total stockholders' deficit	<u>(42,130)</u>	<u>(42,174)</u>
Total liabilities and stockholders' deficit	<u>\$ 25,313</u>	<u>\$ 20,364</u>

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

	Six Months Ended	
	June 30,	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,215	\$ 1,618
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	65	78
Gain on change in fair value of derivatives	(87)	(3)
Share-based compensation	107	74
Deferred income taxes	(264)	(1)
<i>Changes in operating assets and liabilities:</i>		
Restricted cash	(186)	(721)
Deferred course expenses	(487)	(161)
Prepaid expenses and other receivable	(539)	(447)
Inventory	(18)	180
Other assets	(27)	(3)
Accounts payable-trade	(388)	2,153
Royalties payable	201	103
Accrued course expenses	725	390
Accrued salaries, wages and benefits	280	(618)
Other accrued expenses	656	(1,124)
Deferred revenue	1,832	(2,089)
Other liabilities	100	—
Net cash provided by (used in) operating activities	<u>3,185</u>	<u>(571)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(103)	(37)
Net cash used in investing activities	<u>(103)</u>	<u>(37)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(5)	(5)
Net cash used in financing activities	<u>(5)</u>	<u>(5)</u>

Effect of exchange rate differences on cash	(83)	703
Net increase in cash and cash equivalents	2,994	90
Cash and cash equivalents, beginning of period	\$ 1,711	\$ 4,881
Cash and cash equivalents, end of period	\$ 4,705	\$ 4,971

Supplemental disclosures:

Cash paid during the period for interest	\$ 5	\$ 5
Cash paid during the period for income taxes, net of refunds received	\$ 30	\$ 34

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