

November 14, 2017



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

- Non-U.S. Revenue increased 26.4% YoY

- Other Foreign Markets Segment Revenue increased 42.4% YoY

- Total Revenue of \$25.2 Million increased 12.0% YoY

- Cash Sales of \$24.5 Million increased 14.0% YoY

- Operating Cash Flows and Liquidity increased \$6.7 Million YoY

Company to hold Conference Call on Wednesday, November 15, 2017 at 8:00 a.m.

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 nine months ended September 30, 2017.

Third Quarter 2017 Highlights

- Net income was \$1.4 million or \$0.06 per basic and diluted common share for the quarter ended September 30, 2017 compared with net income of \$1.2 million or \$0.05 per basic and diluted common share for the quarter ended September 30, 2016.
- Revenue was \$25.2 million for the quarter ended September 30, 2017 compared to \$22.5 million for the quarter ended September 30, 2016, an increase of \$2.7 million or 12.0%.
- Non-U.S. revenue was \$11.0 million for the quarter ended September 30, 2017 compared to \$8.7 million for the quarter ended September 30, 2016, an increase of \$2.3 million or 26.4%.
- Other Foreign Markets segment revenue was \$4.7 million for the quarter ended September 30, 2017 compared to \$3.3 million for the quarter ended September 30, 2016, an increase of \$1.4 million or 42.4%.
- Cash sales were \$24.5 million for the quarter ended September 30, 2017 compared to \$21.5 million for the quarter ended September 30, 2016, an increase of \$3.0 million or 14.0%.

- Total operating costs and expenses were \$23.6 million for the quarter ended September 30, 2017 compared to \$21.7 million for the quarter ended September 30, 2016, an increase of \$1.9 million or 8.8%.
- Net cash provided by operating activities was \$4.7 million in the nine months ended September 30, 2017 compared to net cash used in operating activities of \$2.0 million in the nine months ended September 30, 2016, representing a period-over-period increase of \$6.7 million.

“Our continued strong execution on our key business initiatives keeps us squarely on the path of becoming the global leader in providing quality financial education,” said Anthony Humpage, CEO of Legacy Education Alliance. “We are pleased to report another quarter of exceptional financial and operational performance. Overall revenues increased 12.0% year-over-year to \$25.2 million, driven by a 26% increase in our Non-U.S. business. In addition, we continue to improve on our operating cash flows and liquidity which increased \$6.7 million year-over-year. We are continuing to expand internationally at a measured pace. This is indicative of our success in furthering our brand penetration and diversification,” Mr. Humpage added. “On November 1, we announced we would receive an aggregate sum of Five Million Dollars (\$5,000,000.00) to settle litigation brought to recover funds withheld from us in connection with the processing of credit card sales from 2007 through 2011. After accounting for outstanding legal fees, the net amount we recently received from the settlement was \$4,332,798.”

THIRD QUARTER 2017 VERSUS THIRD QUARTER 2016 RESULTS

Revenue was \$25.2 million for the three months ended September 30, 2017 compared to \$22.5 million for the three months ended September 30, 2016. Revenue increased \$2.7 million or 12.0% during the three months ended September 30, 2017 compared to the same period in 2016. The increase in revenue was due to increase in recognition of revenue from expired contracts of \$1.8 million or 42.9% and increased attendance (i.e. fulfillment) of \$0.9 million or 4.9%.

Total operating costs and expenses were \$23.6 million for the three months ended September 30, 2017 compared to \$21.7 million for the three months ended September 30, 2016, an increase of \$1.9 million or 8.8%, which is consistent with the increase in revenue. The increase was primarily due to a \$1.1 million increase in direct course expenses, a \$0.5 million increase in general and administrative expenses, of which \$0.1 million was due to our new Enterprise Resource Planning ("ERP") system upgrade, a \$0.4 million increase in advertising and sales expenses, partially offset by a \$0.1 million decrease in royalty expense.

Net income was \$1.4 million or \$0.06 per basic and diluted common share for the three months ended September 30, 2017 compared to net income of \$1.2 million or \$0.05 per basic and diluted common share for the three months ended September 30, 2016. The increase in net income of \$0.2 million, or \$0.1 per basic and diluted common share was primarily driven by increase in revenue, partially offset by increase in operating expenses.

CASH FLOW AND CAPITAL STRUCTURE

Net cash provided by operating activities was \$4.7 million in the nine months ended September 30, 2017 compared to net cash used in operating activities of \$2.0 million in the nine months ended September 30, 2016, representing a period-over-period increase of \$6.7 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 September 30, 2017 and December 31, 2016 was 100.0% equity.

YTD 2017 VERSUS YTD 2016 RESULTS

Revenue was \$73.4 million for the nine months ended September 30, 2017 compared to \$68.6 million for the nine months ended September 30, 2016. Revenue increased \$4.8 million or 7.0% during the nine months ended September 30, 2017 compared to the same period in 2016. The increase in revenue was due to increased attendance (i.e. fulfillment) of \$3.4 million or 6.1% and increase in recognition of revenue from expired contracts of \$1.7 million or 15.0%, which was partially offset by the decline in recognition of revenue of \$0.3 million, due to the change in our revenue recognition policy with regards to DVD fulfillment.

Cash sales were \$75.7 million for the nine months ended September 30, 2017 compared to \$65.5 million for the nine months ended September 30, 2016, an increase of \$10.2 million or 15.6%. The increase was driven primarily by a \$5.2 million increase in our Other Foreign Markets segment, a \$3.2 million increase in our U.S. segment, and a \$2.4 million increase in our U.K. segment, which was partially offset by a \$0.6 million decrease in our Canada segment.

Total operating costs and expenses were \$70.6 million for the nine months ended September 30, 2017 compared to \$66.3 million for the nine months ended September 30, 2016, an increase of \$4.3 million or 6.5%. The increase was primarily due to a \$3.0 million increase in direct course expenses, a \$1.4 million increase in general and administrative expenses, of which \$0.7 million was due to our new ERP system upgrade, and a \$0.4 million increase in royalty expense, partially offset by a \$0.5 million decrease in advertising and sales expenses.

Net income was \$3.0 million or \$0.13 per basic and \$0.12 per diluted common share for the nine months ended September 30, 2017 compared to a net income of \$2.8 million or \$0.13 per basic and \$0.12 per diluted common share for the nine months ended September 30, 2016. The increase in net income of \$0.2 million was primarily driven by increase in revenue, partially offset by increase in operating expenses.

CONFERENCE CALL

Legacy Education Alliance, Inc. will hold a conference call on Wednesday, November 15, 2017 at 8:00 a.m. ET to discuss its financial results for the third quarter that ended September 30, 2017.

To listen to the conference call, interested parties within the U.S. should dial 1-800-239-9838 or 1-323-794-2551 for international calls, approximately 10 minutes prior to the

scheduled start time. Participants should ask for the Legacy Education Alliance conference call. Conference ID: 2873848. The conference call will also be available through a live webcast at <http://public.viavid.com/index.php?id=127244>. 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 November 29, 2017. The number for the replay is (844) 512-2921 (US), or (412) 317-6671 for international calls; the passcode for the replay is 2873848. The replay will also be available via the internet at <http://public.viavid.com/index.php?id=127244> 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 BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,199	\$ 1,711
Restricted cash	3,310	3,148
Deferred course expenses	9,920	9,067
Prepaid expenses and other current assets	4,787	3,458
Inventory	327	348
Total current assets	23,543	17,732
Property and equipment, net	1,151	1,130
Deferred tax asset, net	1,538	1,295
Other assets	314	207
Total assets	\$ 26,546	\$ 20,364
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 3,323	\$ 3,344
Royalties payable	305	175
Accrued course expenses	2,165	1,082
Accrued salaries, wages and benefits	964	840
Other accrued expenses	2,570	2,052
Long-term debt, current portion	11	11
Deferred revenue, current portion	58,253	54,389
Total current liabilities	67,591	61,893
Long-term debt, net of current portion	23	31
Deferred revenue, net of current portion	430	235
Other liabilities	470	379
Total liabilities	68,514	62,538
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, 23,007,519 and		

22,630,927 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	2	2
Additional paid-in capital	11,241	11,073
Cumulative foreign currency translation adjustment	(324)	2,668
Accumulated deficit	<u>(52,887)</u>	<u>(55,917)</u>
Total stockholders' deficit	<u>(41,968)</u>	<u>(42,174)</u>
Total liabilities and stockholders' deficit	<u>\$ 26,546</u>	<u>\$ 20,364</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,	
	2017	2016	2017	2016
Revenue	<u>\$ 25,235</u>	<u>\$ 22,469</u>	<u>\$ 73,408</u>	<u>\$ 68,582</u>
Operating costs and expenses:				
Direct course expenses	13,411	12,268	39,494	36,506
Advertising and sales expenses	5,010	4,618	14,732	15,207
Royalty expenses	1,119	1,208	3,651	3,251
General and administrative expenses	<u>4,114</u>	<u>3,595</u>	<u>12,686</u>	<u>11,339</u>
Total operating costs and expenses	<u>23,654</u>	<u>21,689</u>	<u>70,563</u>	<u>66,303</u>
Income from operations	<u>1,581</u>	<u>780</u>	<u>2,845</u>	<u>2,279</u>
Other income (expense):				
Interest expense	(2)	(1)	(7)	(3)
Other income (expense), net	<u>(67)</u>	<u>397</u>	<u>85</u>	<u>537</u>
Total other income (expense), net	<u>(69)</u>	<u>396</u>	<u>78</u>	<u>534</u>
Income before income taxes	1,512	1,176	2,923	2,813
Income tax benefit (expense)	<u>(119)</u>	<u>(8)</u>	<u>107</u>	<u>(27)</u>
Net income	<u>\$ 1,393</u>	<u>\$ 1,168</u>	<u>\$ 3,030</u>	<u>\$ 2,786</u>
Basic earnings per common share	\$ 0.06	\$ 0.05	\$ 0.13	\$ 0.13
Diluted earnings per common share	\$ 0.06	\$ 0.05	\$ 0.12	\$ 0.12
Basic weighted average common shares outstanding	21,275	21,184	21,281	21,035
Diluted weighted average common shares outstanding	23,022	22,204	22,807	21,966

Comprehensive income (loss):				
Net income	\$ 1,393	\$ 1,168	\$ 3,030	\$ 2,786
Foreign currency translation adjustments, net of tax of \$0	<u>(1,714)</u>	<u>581</u>	<u>(2,992)</u>	<u>2,540</u>
Total comprehensive income (loss)	<u>\$ (321)</u>	<u>\$ 1,749</u>	<u>\$ 38</u>	<u>\$ 5,326</u>

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

	Nine Months Ended	
	September 30,	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,030	\$ 2,786
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	95	112
Gain on change in fair value of derivatives	(97)	(5)
Share-based compensation	168	117
Deferred income taxes	(145)	—
<i>Changes in operating assets and liabilities:</i>		
Restricted cash	(79)	(513)
Deferred course expenses	(598)	(281)
Prepaid expenses and other receivable	(1,248)	(1,313)
Inventory	36	53
Other assets	(35)	(4)
Accounts payable-trade	(200)	1,456
Royalties payable	129	88
Accrued course expenses	1,041	509
Accrued salaries, wages and benefits	114	(180)
Other accrued expenses	719	(1,442)
Deferred revenue	1,813	(3,389)
Net cash provided by (used in) operating activities	<u>4,743</u>	<u>(2,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(114)</u>	<u>(40)</u>
Net cash used in investing activities	<u>(114)</u>	<u>(40)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	<u>(8)</u>	<u>(7)</u>

Net cash used in financing activities	(8)	(7)
Effect of exchange rate differences on cash	(1,133)	841
Net increase (decrease) in cash and cash equivalents	3,488	(1,212)
Cash and cash equivalents, beginning of period	\$ 1,711	\$ 4,881
Cash and cash equivalents, end of period	\$ 5,199	\$ 3,669

Supplemental disclosures:

Cash paid during the period for interest	\$ 7	\$ 6
Cash paid during the period for income taxes, net of refunds received	\$ 30	\$ 32

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<http://www.businesswire.com/news/home/20171114006631/en/>

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Source: Legacy Education Alliance, Inc.