UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

Commission file number: 000-55790

LEGACY EDUCATION ALLIANCE, INC.
(Exact Name of Registrant as Specified in its Charter)

Nevada	39-2079974
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1490 NE Pine Island Rd. Suite 5D, Cape Coral, FL 33909
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (239) 542-0643

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act:

Title of Each Class	Trading Symbol	Name of Exchange on which registered
Legacy Education Alliance, Inc. Common Stock, par value $0.0001	LEAI	OTCQB

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 USC. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of December 31, 2020, was $539,757 based on the closing sale price of the registrant's common stock as traded on the NASDQ Over the Counter Electronic Bulletin Board on such date of $0.16 per share. As of April 9, 2021, there were 23,279,197 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of Legacy Education Alliance, Inc.'s proxy statement for the 2021 Annual Meeting of Stockholders are incorporated in Part III.

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Year Ended December 31, 2020

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements and information in this Annual Report on Form 10-K under the headings *"Business," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Financial Statements and Supplementary Data"* and elsewhere contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may also make written or oral forward-looking statements in our periodic reports on Forms 10-Q and 8-K, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements are often characterized by the use of words such as "outlook, "believes," "estimates," "expects," "projects," "may," "intends," "plans," "anticipates," "foresees," "future," or by discussions of strategy, plans or intentions; including, but not limited to, our discussions regarding the results projected from the introduction of new brands, products and services, expansion into new geographic markets, combinations with third parties; the development of ecommerce capabilities; projections of international growth; projected increase in profitability from our forum-style course delivery model that should lead to increased margins; our ability to address or manage corruption concerns in certain locations in which we operate; our ability to address and manage cyber-security risks; our ability to protect our intellectual property, on which our business is substantially dependent; our expectations regarding future divided payments; our ability to manage our relationships with credit card processors, and our expectations regarding the impact of general economic conditions on our business; and the estimates and matters described under the caption "*Item 7. Management's Discussion and Analysis-Results of Operations-Outlook.*" Our assumptions used for the purposes of the forward-looking statements represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances, including the development, acceptance and sales of our products and our ability to raise additional funding sufficient to implement our strategy. Such forward-looking statements involve assumptions, known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking statements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this report. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements are set forth in this report, including but not limited to those under the heading *"Risk Factors,"* and in our other filings with the Securities and Exchange Commission. There may be other factors of which we are currently unaware or that we deem immaterial that may cause our actual results to differ materially from the expectations we express in our forward-looking statements. Although we believe the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and, therefore, also the forward-looking statements based on these assumptions could themselves prove to be inaccurate.

Forward-looking statements are based on current plans, estimates, assumptions and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them publicly in light of new information or future events.

PART I

ITEM 1. BUSINESS

Our Corporate History and Background

Legacy Education Alliance, Inc. (the "Company") was incorporated on November 23, 2010 in Nevada under the name Streamline Resources, Inc. Our name was subsequently changed to Priced In Corp ("PRCD") on April 24, 2012. Prior to the merger discussed below, we were a shell corporation with nominal operating activity.

On November 10, 2014, we entered into an Agreement and Plan of Merger dated as of such date the ("Merger Agreement") by and among (i) PRCD, a Nevada corporation, (ii) Priced In Corp. Subsidiary, a Colorado corporation and a wholly-owned subsidiary of PRCD ("PRCD Sub"), (iii) Tigrent Inc., a Colorado corporation ("TIGE"), and (iv) Legacy Education Alliance Holdings, Inc., a Colorado corporation and a wholly-owned subsidiary of TIGE ("Legacy Holdings"). On November 10, 2014, pursuant to the Merger Agreement, PRCD Sub merged with and into Legacy Holdings (the "Merger"), with Legacy Holdings surviving the Merger and becoming our wholly owned subsidiary and we acquired the business of Legacy Holdings.

At the effective time of the Merger (the "Effective Time"):

- PRCD amended and restated its certificate of incorporation and bylaws, which included an increase in our authorized stock to 220 million shares (200 million shares of common stock and 20 million shares of preferred stock);

- PRCD changed its name from "Priced In Corp." to "Legacy Education Alliance, Inc.";

- All of the shares of common stock, par value $0.01 per share, of Legacy Holdings outstanding at the Effective Time were converted and exchanged into 16,000,000 shares of our common stock, par value $0.0001 per share ("Common Stock"), and were held by TIGE.

As a result of the Merger, TIGE owned approximately 80% of Legacy with the then remaining outstanding shares (3,997,500) held by the existing PRCD shareholders.

There was no cash consideration exchanged in the Merger. In accordance with the terms and conditions of the Merger Agreement, PRCD agreed to pay TIGE taxes and related liabilities and other specified costs and expenses, including certain administrative and related expenses that have been or will be from time to time incurred by TIGE that are related to TIGE's investment in PRCD (including the cost of preparing and distributing reports regarding our business and financial condition to its shareholders), its administrative costs and expenses, and taxes, other than income taxes arising from dividends or distributions by us to TIGE. All shares of PRCD common stock issued in connection with the Merger are restricted securities, as defined in paragraph (a) of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). Such shares were issued pursuant to an exemption from the registration requirements of the Securities Act, under Section 4(a)(2) of the Securities Act and the rules and regulations promulgated there under.

The Merger was accounted for as a "reverse merger" and recapitalization since, immediately following the completion of the transaction, the holders of TIGE's stock had effective control of PRCD. In addition, TIGE controlled the surviving entity through control of Legacy's Board of Directors as a result of the appointment of the existing directors of TIGE to the four board seats of Legacy. Additionally, all of TIGE's officers and senior executive positions continued on as management of the surviving entity after consummation of the Merger. For accounting purposes, Legacy Holdings was deemed to be the accounting acquirer in the transaction and, consequently, the transaction was treated as a recapitalization of PRCD. Accordingly, Legacy Holdings' assets, liabilities and results of operations became the historical financial statements of the registrant, and the Company's assets, liabilities and results of operations were consolidated with PRCD effective as of the date of the closing of the Merger. Prior to the Merger, PRCD was a "shell" corporation with nominal assets, liabilities and operating activity. No step-up in basis or intangible assets or goodwill was recorded in this transaction.

On February 14, 2017, TIGE completed the distribution of 15,998,326 shares of Common Stock in Legacy approved by the Board of Directors of TIGE on October 4, 2016. Pursuant to the distribution, 1.00105 shares of Legacy Common Stock were distributed for each share of stock held in TIGE.

For a further discussion of the Merger and its effects on our business, please see the information contained in our Current Report on Form 8-K, filed on November 10, 2014 and the related amendments thereto.

We voluntarily filed a Form 10 Registration Statement with the Securities and Exchange Commission ("SEC") on May 12, 2017, and Amendment No 1 to Form 10 on June 27, 2017, to register our common stock, par value $0.0001 per share under the Securities Exchange Act of 1934. On July 11, 2017, we announced that the filed Form 10 Registration Statement was effective on that day. A copy of the Form 10 Registration Statement is available on the Company's website at *(http://ir.legacyeducationalliance.com/all-sec-filings)*.

Presentation of Financial Statements

The terms "Legacy Education Alliance, Inc.," the "Company," "we," "our," "us" or "Legacy" as used in this report refer collectively to Legacy Education Alliance, Inc., a Nevada corporation ("Legacy"), the registrant, which was formerly known as Priced In Corp., and, unless the context otherwise requires, together with its wholly-owned subsidiary, Legacy Education Alliance Holdings, Inc., a Colorado corporation, other operating subsidiaries and any predecessor of Legacy Education Alliance Holdings, including Tigrent Inc., a Colorado corporation.

This Form 10-K includes financial statements and related notes that present the consolidated financial position, results of operations, comprehensive income, and cash flows of Legacy and its subsidiaries.

Our Strategy

Our objective is to be the leading provider of services and products that enable individuals from all walks of life, regardless of their current economic situation and educational background, to take control of their financial futures and enable them to achieve financial freedom.

Our strategy is focused primarily on the following areas:

- *Continued development of our businesses.* We will continue our focus on our service offerings in an attempt to improve our revenue and expand our offerings as appropriate, including e-learning and other electronic format offerings and the development of new proprietary brands. In November 2020, the Company shifted its focus to its *Legacy Education*™ products, with *Building Wealth with Legacy*™ as the new flagship brand, which encompasses hands-on experience and the true spirit of investing from beginner to educated investor, within a community of like-minded individuals.

- *Development of higher-margin proprietary brands.* Since November 2020, shifted its focus to developing proprietary brands, which have no royalty and other associated costs, but will require us the Company to market in new and innovative ways. This will allow us the flexibility to provide our services through different demographics, price points and sales channels, and to develop additional complementary products and services.

- *Fulfilling our customer obligations.* We intend to improve the cost efficiency with which we fulfill our customer commitments. We have:

  - Expanded the options for course fulfillment in order to reduce the number of expired contracts by increasing the number of courses offered through electronic media and via the internet;

  - Implemented an improved outreach program that involves contacting our customers to help them manage their course schedules;

  - During Q4 2019, we transitioned from Symposiums to Legacy Investor Forums (Forums). The Forums are live events that provide a learning and building experience for the novice to expert investor. Forums deliver business advancement to attendees through education and offer an arena for attendees to discover new relationships with companies, as well as their fellow investors.

    In December 2019, we held our first virtual symposium where we presented various advanced classes, student networking opportunities, and third-party sales opportunities via livestream to create the look and feel of a live symposium through the use of digital delivery methods.

- *Enhanced eLearning* . We continue developing and promoting interactive and online distributed course content and enhanced technology platforms capable of streaming video, interactive e-learning, and distributed e-learning.

- *Consistent quality assurance* . We believe that to be an effective provider of training we need to ensure that our course offerings meet our strict quality assurance guidelines. We will continue to monitor and enforce standards for marketing, sales presentations, and training delivery throughout our organization.

- *Continued professional development.* We will continue to identify, recruit and retain a team of trainers, mentors and coaches who possess practical, hands-on experience in their areas of expertise.

Recent Developments

Impact from COVID-19 Coronavirus.

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak as a pandemic. As a result of worldwide restrictions on travel and social distancing, in March 2020 we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed sales operations in June 2020 with online sales events selling into our suite of online, on-demand, and over-the-phone products. We also resumed online, on-demand, and over-the-phone fulfillment activities in June 2020. We resumed live operations in November 2020, with events in Florida. The Company expects to conduct additional live events in other areas as lockdown restrictions continue to ease and hopes to return to a normal schedule over the coming months. The Company will continue following strict safety protocols at the live events. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance.

The ultimate impact from COVID-19 on the Company's operations and financial results will depend on, among other things, the ultimate severity and scope of the pandemic, the pace at which governmental and private travel restrictions and public concerns about public gatherings will ease, the rate at which historically large increases in unemployment rates will decrease, if at all, and the speed with which the economy recovers. We are not able to fully quantify the impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2021 and beyond.

Changes in Management and Board of Directors

On March 8, 2021, the Company's Board of Directors (the "Board") elected Michel Botbol, 61, as a Director, Chairman of the Board, and Chief Executive Officer of the Company. On the same date, the Board appointed James E. May, 66, as General Counsel of the Company, a position he held prior to his appointment as Interim Chief Executive Officer of the Company in January 2019. Upon the assumption of his position as General Counsel, Mr. May resigned as Director and Chief Executive Officer.

Senior Secured Convertible Debt Agreement

On February 11, 2021 the Company entered into a non-binding term sheet with Legacy Tech Partners, LLC (LTP). The term sheet includes a Debenture Agreement of $375 thousand, with 10% per annum interest rate. The Debenture may be converted at any time after the issue date into shares of the Company's Common Stock (the "Conversion Shares") at a price equal to $0.05 per share. Together with each Conversion Share, a warrant will be issued with a strike price of $0.05 per share and an expiration date of five years after issuance. The term sheet anticipates entering into a share purchase agreement whereby LTP will acquire for nominal consideration the existing business, assets and liabilities of the Company (the "Spin-Off"), while the Company will enter into a license agreement with LTP to retain rights with respect to certain of its intellectual property for the benefit of building an Education Technology ("EdTech") business. This transaction will be subject to stockholder and regulatory approval and other conditions.

On March 8, 2021, the Company issued a $375 thousand Senior Secured Convertible Debenture ("Debenture") to Legacy Tech Partners, LLC ("LTP") a Delaware limited liability company. The Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and March 8, 2022. The Debenture may be converted at any time after the issue date into shares of the Company's Common Stock (the "Conversion Shares") at a price equal to $0.05 per share. Together with each Conversion Share a warrant will be issued with a strike price of $0.05 per share and an expiration date of March 8, 2026 (the "Warrants"). LTP has an obligation to lend the Company an additional $625 thousand under the same terms prior to March 31, 2022, and an option to fund an additional $4 million under the same terms prior to March 8, 2024. LTP also has the option to extend the maturity date of each loan it makes to the Company, including the initial loan of $375 thousand for a term not to exceed four years from the original maturity date of that loan. Net proceeds were $314 thousand after legal fees related to the transaction. The Debenture is secured by a lien on all the Company's assets. The Company's U.S. subsidiaries entered into Guaranties on March 9, 2021 in favor of LTP under which such subsidiaries guaranteed the Company's obligations under the Debenture and granted LTP a lien on all assets of such subsidiaries. The use of proceeds from the Debenture will be to extinguish liabilities of the Company and to fund the development of the EdTech (as defined above) business. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the Debenture are not being registered under the Securities Act of 1933, as amended (the "Securities Act"). The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants.

Bankruptcy or Receivership

At a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "Arrangement") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). Under the terms of the Arrangement, CVR Global LLP has been appointed as Supervisor of ELE UK for the purposes of administering the Arrangement. At the Creditors Meeting, the creditors also approved a modification to the Arrangement whereby any tax refunds due to ELE UK would be paid to the Supervisor and made available for distribution to creditors. The Supervisor will wind down the business of ELE UK and make distributions to ELE UK's non-student creditors in accordance with the applicable provisions of the IA and the IR, on and subject to the terms and conditions set forth in the Arrangement in satisfaction of the non-student creditors' respective claims against ELE UK. Student creditors of ELE UK will be provided the opportunity to receive trainings from an independent training provider on and subject to the terms and conditions set forth in the Arrangement in satisfaction of their respective claims against ELE UK. Pursuant to the Arrangement, and at its conclusion, the remaining assets of ELE UK, if any, would be distributed to LEAI. As a result of the CVR, the Winding-Up Petition, CR-2020-001958, filed in the High Court of Justice, Business and Property Courts of England and Wales has been dismissed. At this time, LEAI management is unable to anticipate any distributions that would be received from ELE UK.

On January 27, 2021, Legacy Education Alliance Australia PTY Ltd ("LEA Australia"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), appointed Brent Leigh Morgan and Christopher Stephen Bergin, both of the firm of Rodgers Reidy, 326 William Street, Melbourne VIC 3000 Australia, as Joint and Several Liquidators of LEA Australia, to supervise a Creditors Voluntary Liquidation of LEA Australia. Subject to the approval of the creditors of LEA Australia at a meeting to be held on February 23, 2021 AEDT (February 22, 2021 EST), the Joint Liquidators will wind down the business of LEA Australia and make distributions, if any, to its creditors in accordance with the applicable provisions of the Australian Corporations Act of 2001.

On March 2, 2021, Legacy Education Alliance Holdings, Inc. the sole shareholder of Legacy Education Alliance Hong Kong Ltd ("LEA Hong Kong"), a subsidiary of the Company, adopted a resolution to wind up voluntarily the affairs of LEA Hong Kong and to appoint Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), both of

Borrelli Walsh Limited, Level 17, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong as Joint and Several Liquidators of LEA Hong Kong. At a meeting of the creditors of LEA Hong Kong held on March 2, 2021, the creditors similarly approved the voluntary winding up of LEA Hong Kong and the appointment of Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), as Joint and Several Liquidators. The Joint and Several Liquidators will wind up the business of LEA Hong Kong and make distributions, if any, to its creditors in accordance with the applicable provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

On March 7, 2021, Tigrent Learning Canada Inc. ("Tigrent Canada"), a wholly owned subsidiary of Legacy Education Alliance, Inc., filed an assignment in bankruptcy under section 49 of the Canada Bankruptcy and Insolvency Act (the "Act") in the Office of the Superintendent of Bankruptcy Canada, District of Ontario, Division of Toronto, Court No. 31-2718213. Also on March 7, 2021, A. Farber & Partners was appointed trustee of the estate of Tigrent Canada. The trustee will wind down the business of Tigrent Canada and make distributions, if any, to its creditors in accordance with the applicable provisions of the Act.

Business Overview

We are a provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate investing strategies and techniques. Our programs are offered through a variety of formats and channels, including free workshops, basic trainings, forums, telephone mentoring, one-on-one mentoring, coaching and e-learning. In October 2019, we launched our new proprietary line of training, mentoring and coaching products to support our students through every phase of their journey with us, from beginner to experienced investor. In December 2019, we held our first virtual (online) symposium and our first Legacy Investor Forum. In November 2020, we held our first live post-COVID events.

Since December 31, 2019, we have operated under two brands:

- *Homemade Investor by Tarek El Moussa™* introduces people to the investor mindset, real estate investing strategies, and ways to generate cash flow that are designed to help build a foundation of knowledge for their financial goals. Homemade Investor events offered nationwide free workshops, 3-day trainings and large stage events with Tarek presenting as the keynote speaker, all selling into our advanced training products.

- *Building Wealth with Legacy ™*: provides practical, high-quality and value-based educational training on the topics of personal finance, entrepreneurship, real estate, financial markets and investing strategies and techniques. This training program encompasses hands-on experience and the true spirit of investing from beginner to educated investor. In response to the limitations on travel and the social distancing protocols arising out of the Coronavirus pandemic, the Company began marketing its *Legacy Education*™ products transitioning to brand name *Building Wealth with Legacy*™.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to four days in length, on site or remotely, although we have suspended providing on-site mentorships as a result of the COVID-19 pandemic) and telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

We were founded in 1996, and through a reverse merger, became a publicly-held company in November 2014. Today we are a global company that has cumulatively served more than two million students from more than 150 countries and territories over the course of our operating history.

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. As a result of the COVID-19 coronavirus pandemic, and the resulting worldwide restrictions on travel and social distancing, we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed online operations in July 2020, and live operations in November 2020. The Company expects to conduct additional live events as lockdown restrictions continue to ease and hopes to return to a normal schedule over the coming months. The Company will continue following strict safety protocols at the live events. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance. We are not able to fully quantify the impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2021 and beyond.

Our operations are managed through three operating segments: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets.

The proportion of our total revenue attributable to each segment is as follows:

	Years Ended December 31,	
As a percentage of total revenue	**2020**	**2019**
North America	70.3%	72.1%
U.K.	3.1%	5.5%
Other foreign markets	26.6%	22.4%
Total consolidated revenue	100.0%	100.0%

Operating results for the segments are as follows:

	Years Ended December 31,	
	2020	**2019**
Segment revenue	**(In thousands)**	
North America	$ 24,001	$ 54,427
U.K.	1,058	4,128
Other foreign markets	9,102	16,941
Total consolidated revenue	$ 34,161	$ 75,496

See the caption Revenue, in "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations,"* for further information.

Marketing

Our various brands are the foundation for our marketing efforts. These brands provide credibility and sustainability within our media mix to promote live events and online trainings. Live onsite two-hour free preview workshops are offered weekly in multiple markets in North America. Marketing these events is primarily done online through social media posts, internet banner ads, text ads, and emails. Direct mail, radio, television, public relations, and print advertising may also be used to obtain event registrations. We enter into marketing and other agreements with third parties to advertise our products and services.

We offer people the opportunity to attend a free preview workshop or advance directly to one of our three-day basic training classes. People who enroll and attend the basic training class receive reference materials relevant to the subject matter to be taught at the class. The basic training course is usually held over a weekend within two to four weeks of the initial free preview workshop. Our experience is that offering the free preview workshop as a first step is an effective way to introduce to our students the methodology of investing, as well as to market and sell our three-day basic training courses.

Marketing efforts continue to those customers who choose to continue their education with a three-day basic training class. Welcome letters, product kits that include manuals, books and audio files, an online reference library, and reminder communication letters and emails are all branded for consistency and credibility. Customers at the three-day basic training may choose to continue on with their education through our elite training classes and mentorships offered during the basic training classes.

We utilize different preview brands to market into our advance training division, which we re-branded to Elite Legacy Education to expand our market reach. Elite training classes are fulfilled through various delivery methods to meet the needs of our customers.

We also market for new customers who prefer to learn online and provide people the opportunity to attend free ninety-minute live online webinars that are held weekly on six different topics. Webinars are marketed via online banner ads, affiliate marketing, email campaigns, social media and other media methods.

Training Programs

We have three significant categories for our programs:

- Basic training live and online courses,
- Elite level live and online training courses, and
- Individualized mentoring programs.

Basic Training Courses

- Homemade Investor by Tarek El Moussa™
- Legacy Education™

Elite Training Courses

Customers who attend our basic training courses may choose to continue with Elite training courses in real estate, financial markets investing and/or entrepreneurship skills. The Elite training courses of study include:

Elite Real Estate Courses

- Momentum
- Tax and Asset Protection
- Wholesale Buying
- Discount Notes & Mortgages
- Banking Relationships & Short Sale Systems
- Mobile Homes
- Foreclosure Strategies
- Fund, Fix and Flip
- Marketing Today
- Income Properties
- Tax Liens
- Lease Options
- Commercial Real Estate
- Business Financing & Factoring
- Domestic Land Development
- Creative Real Estate Financing
- Buy, Rent and Hold (North America)
- Buy, Fix and Sell (North America)
- Creative Financing (North America)

Elite Financial Markets Courses

- Master Trader™
- Options 1
- FOREX
- Options 2
- Elite Options
- Asset Protection
- Elite FOREX
- FACT (Futures & Commodity Trading)

Elite Business Entrepreneurship Courses

- Business Tax and Asset Protection
- Top Branding and Marketing Strategies
- Strategies for Raising Capital
- Mind Over Money
- Legacy Business Training

The goal of our fulfillment strategy is to provide maximum flexibility to the students to allow them take any of their classes in whatever format, and in any combination of formats, that works best for them. Students may access training content through multiple delivery channels, including:

- *Live Classroom*: In-person "one-on-many" intensive 3-day class with a live instructor and any number of students in the same room, at a symposium, a forum or as a stand-alone class.
- *Live Stream*: Interactive real-time streaming of a Live Classroom training that may be viewed by a student remotely via the internet. Live stream classes can be reviewed for 30-days post-class.
- *Live On-Line*: Live presentations of a class in modules presented over a period of weeks with a live instructor and any number of students in any number of locations who attend remotely via the internet. Student has access to recordings of the modules for 30 days after the last live session.
- *On-Demand*: Class that is presented in self-paced pre-recorded modules via internet link with 24/7 access for the life of the contract. Unlike the three "live" fulfillment options, which require the student to attend classes when LEAI schedules them, the On-Demand Options provides the student the flexibility to take the class whenever they want, and as many times as they want, during the life of the student's contract.

Through strategic partners, customers can purchase a license to use supporting software for real estate or financial markets investing. With either software program, a subscription-based data service is available for purchase which allows customers to interactively determine investment options and make better informed decisions about potential investments.

Individualized Mentoring and Coaching Programs

We offer live, real time, one-on-one mentoring for Real Estate, Business and the Financial Markets that are tailored to meet students' individual goals and needs. Real Estate mentoring is offered on site at the student's chosen location, while Financial Market mentoring can be provided either on-site or remotely. Mentoring is intended to give the student a professional assessment of his or her individual goals and experience and to help the student build an investment plan that can be put into action. Mentoring sessions are generally 2 to 4 days in length.

Coaching and telephone mentoring programs are typically sold in a number of different subject areas and generally delivered in 10 to 16 weekly one-on-one telephone sessions. Some of the topics include Real Estate Coaching, Financial Markets Coaching and Business Coaching. A set curriculum approach is generally used. Each module comes with assignments, exercises and reading materials to be completed between sessions.

Geographic Diversification

We manage our business in three segments based on geographic location for which operating managers are responsible to the Chief Executive Officer. These segments include: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets.

Competition

During our more than 20-year history, we have competed with several organizations within the U.S. and internationally. Our primary competitors are Fortune Builders, Armando Montelongo, and Mayflower Alliance Ltd. Some of these competitors have established brands through a media-based relationship, such as HGTV, and use television programs to promote their brands.

The main competitors to our financial markets strategies and techniques course offerings are large institutional brokerage houses, who have been offering education as a way to expand their client portfolio.

Generally, competitive factors within the proprietary training market include:

- The range and depth of course offerings;
- The quality of trainers;
- The quality of reference materials provided in connection with course studies; and
- Cost.

We believe that the range and depth of our course offerings, the quality of our trainers and reference materials are comparable or superior to those of our competitors. Typically, our trainers for our Elite courses have been active investors in their chosen field, have been trained by us and, to a large degree, are previous customers of our programs. Trainers for our Elite courses are chosen based on their knowledge and experience with the coursework covered and are further qualified by meeting knowledge standards developed internally.

Brand Development Agreement with the T&B Seminars, Inc.

Effective December 23, 2019, we entered into a Real Estate Education Training Program Development Agreement (the "Development Agreement") with T&B Seminars, Inc. ("T&B"), an affiliate of Tarek El Moussa, pursuant to which Holdings and Tarek El Moussa agreed to develop and operate a seminar style education business that will use, among other things, the names, images, and likenesses of Tarek El Moussa to market and sell customers real estate investing oriented education products. Pursuant to the Development Agreement, T&B granted to the Company a sole and exclusive worldwide license to certain intellectual property, including, certain trademarks and copyrights and the name, image and likeness of Tarek El Moussa, in each case to the extent necessary for Holdings to develop and create educational materials and promote and conduct a branded real estate seminar style education business that uses the intellectual property.

As consideration for the licensed rights under the Development Agreement, Holdings agreed to pay T&B base royalty percentages on cash sales of products to persons responding to a branded marketing campaign that uses the licensed intellectual property. Also, as consideration for Tarek El Moussa providing certain marketing support, Holdings agreed to pay T&B marketing royalty percentages on cash sales of products at live events and at online webinars to persons responding to a branded marketing campaign that uses the licensed intellectual property. Furthermore, as consideration for the exclusivity of the rights under the Development Agreement, commencing on the seventh month of the term of the Development Agreement, Holdings agreed that the monthly royalties paid to T&B will not be less than an agreed to amount.

The Development Agreement has an initial term of five years and will automatically renew thereafter for successive five-year terms unless either party provides prior written notice of termination no less than 90 days prior to the end of such five-year term.

The Company commenced sales activities under the Development Agreement under the Homemade Investor brand in January 2020 but as a result of the expanding COVID-19 pandemic, we suspended conducting live in-persons sales events in March 2020. Subsequently, we suspended online sales events during the third quarter of 2020 to focus on our new flagship brand *Building Wealth with Legacy*™.

Licensing Agreements with the Rich Dad and Other Parties

Through September 2019, our primary business relied on our license of the Rich Dad brand and related marks and intellectual property. The following transactions summarize our license to use the Rich Dad trademarks, trade names and other business information worldwide (the "Rich Dad Intellectual Property Rights").

Effective September 1, 2013, we entered into licensing and related agreements with Rich Dad Operating Company, LLC ("RDOC") (collectively, the "2013 License Agreement") that replaced the 2010 License Agreement. Compared to the 2010 License Agreement, the 2013 License Agreement broadened the field of permitted use to include real estate investing, business strategies, stock market investment techniques, stock/paper assets, cash management, asset protection, entrepreneurship and other financially-oriented subjects. The 2013 License Agreement also (i) reduced the royalty rate payable to RDOC compared to the 2010 Rich Dad License Agreement; (ii) broadened the Company's exclusivity rights to include education seminars delivered in any medium; (iii) eliminated the cash collateral requirements and related financial covenants contained in the 2010 License Agreement; (iv) continues our right to pay royalties via a promissory note that is convertible to preferred shares upon the occurrence of a Change in Control (as defined in the 2013 License Agreement); (v) eliminated approximately $1.6 million in debt from our consolidated balance sheet as a result of debt forgiveness provided for in the agreement terminating the 2010 License Agreement; and (vi) converted another approximately $4.6 million in debt to 1,549,882 shares of our Common Stock. Either party may terminate the 2013 License Agreement upon certain circumstances, including and uncured breach by the non-terminating party.

On April 22, 2014, we entered into an agreement with RDOC (the "2014 Amendment") to, among other things, amend the 2013 License Agreement to halve the royalty payable by us to RDOC to 2.5% for the whole of 2014, (ii) cancel approximately $1.3 million in debt owed by us to RDOC, (iii) reimburse us for certain legal expenses, and (iv) cancel RDOC's right to appoint one member of our Board of Directors.

The 2013 License Agreement and the 2014 Amendment were assigned to our wholly-owned subsidiary, Legacy Education Alliance Holdings, Inc. on September 10, 2014.

On January 25, 2018, we entered into a Second Amendment with RDOC (the "Second Amendment") that amends certain terms of the 2013 License Agreement and extends the term of the 2013 License Agreement to September 1, 2019. (See the Form 8-K filed on January 29, 2018 for further discussion.)

On August 16, 2019, we entered into an amendment to the License Agreement that extended the term of the License Agreement through September 30, 2019.

On August 16, 2019, we entered into an amendment to the License Agreement that extended the term of the License Agreement through September 30, 2019. On September 16, 2019, we received notice from Rich Dad Operating Company, LLC ("RDOC"), indicating that RDOC did not intend to extend the term of the September 1, 2013, Rich Dad Operating License Agreement (as amended, the "License Agreement") by and between the Company and RDOC. Therefore, the term of the License Agreement expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the Agreement.

Effective November 26, 2019, our licenses to operate under the Perform in Properties, Making Money with Martin Roberts™ and Robbie Fowler's Property Academy™ were transferred to Mayflower Alliance Ltd in conjunction with the sale of the business of Legacy UK.

Employees and Independent Contractors

As of December 31, 2020, we had approximately 19 full-time employees, of whom 19, or 100 % were in our North America segment. In addition, we employ part-time employees in various capacities and independent contractors who are trainers, coaches or mentors. Our employees are not represented by a labor union, and we believe our relations with our employees are satisfactory. Our independent contractors are either paid commissions based upon the dollar value of the courses purchased by customers at our free preview workshops and basic training courses or are paid fixed fees for teaching and mentoring Elite courses. Independent contractors are required to execute agreements with us that set forth their commission structures and typically contain confidentiality and non-competition provisions.

Available Information

We electronically file reports with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports. The public may read and copy any materials that we file with the SEC at the *SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549* . The public may obtain information on the operation of the Public Reference Room by calling the *SEC at 1-800-SEC-0330* . The SEC also maintains an internet site that contains reports and information statements, and other information regarding issuers that file electronically with the SEC at *http://www.sec.gov.* Additionally, information about us, including our reports filed with the SEC, is available through our web site at *http:// www.legacyeducationalliance.com.* Such reports are accessible at no charge through our web site and are made available as soon as reasonably practicable after such material is filed with or furnished to the SEC. Our website and the information contained on that site, or connected to that site, are not incorporated by reference into this report.

ITEM 1A. RISK FACTORS

Risks Related to Our Business

The concentration of our business under one brand or a small number of brands could have a material adverse effect on our business, financial condition, and results of operation if we were unable to conduct business under such brands.

The alteration, or termination of our Brand Development Agreement with T&B Seminars Inc., or the suspension or termination of sales activities thereunder, would have a material adverse effect on our business, financial condition and results of operations.

Reliance on a Legacy Education Alliance focused branding strategy could result in a material adverse effect on our business, financial conditions and results of operations if consumer acceptance of such brand is insufficient to attract new customers.

Recently, our branding strategy has relied on using the goodwill and notoriety associated with our third party branding licensors, such as Rich Dad, Tarek El Moussa, and others, to attract new customers. Any shift to a branding strategy that focuses on the Company as a brand, rather than on a third party, could adversely affect our business if consumer acceptance of such proprietary brand is insufficient to drive sales.

The termination of our license agreement to Rich Dad Education brand has materially adversely impacted our business, financial condition and results of

operations, given the high concentration of sales from course offerings under Rich Dad Education brand.

Our *Rich Dad® Education* real estate and financial market course offerings accounted for approximately 77.4% of our total revenue in 2020. Our 2013 License Agreement with Rich Dad ®*,* as amended, expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the Agreement.

If revenues from our Homemade Investor brand do not meet expectations, this could materially adversely impact our business, financial condition and results of operations.

It is uncertain when or if sales under the Homemade Investor by Tarek El Moussa^{TM} real estate and financial market course offerings will occur in 2021. If revenue from the Homemade Investor Brand fails to meet expectations and is not offset by revenue increases in our other brands or from other sources it could have a material adverse effect on our business, financial condition and results of operations. Further, a decrease in popularity or public acceptance of Tarek El Moussa or the Homemade Investor by Tarek El Moussa Brand would have a significant impact on our business, financial condition and results of operations. Additionally, if Mr. Tarek El Moussa, does not spend as much time in the public eye, it could impact the popularity of the Homemade Investor Brand and consequently impact our sales of Homemade Investor products.

The termination of any of our merchant processor agreements and/or material changes to the terms and conditions of these agreements would materially adversely impact our business, financial condition and results of operations, given the high concentration of sales from course offerings procured by our customers using credit cards.

A significant percentage of our sales are processed through credit card transactions and we are dependent on our merchant processor relationships to facilitate these transactions under favorable terms. Although we generally have been able to renew or extend the terms of contractual arrangements with third parties merchant processors on acceptable terms, there can be no assurance that we will continue to be able to do so in the future. Interruptions in service, or the imposition of reserve accounts in amounts not acceptable to us, could have a material adverse impact on our liquidity. In addition, if any of these services providers were to stop providing services to us on acceptable terms, we may be unable to procure alternatives from other third parties in a timely and efficient manner and on acceptable terms, or at all. This could materially adversely impact our business, financial condition and results of operations.

The inability of our customers to finance the purchase of our products through credit cards or third-party financing would materially adversely impact our business, financial condition and results of operations.

Our customers rely on financing, whether through credit cards or third-party financing, to purchase our products. Any limitation on the ability of our customers to obtain access to credit may impact our customers' ability to purchase our products. This could materially adversely impact our business, financial condition and results of operations.

The ability of any of our merchant processors to continue to operate and refund our merchant reserves pursuant to the terms of the agreements would materially adversely impact our business, financial condition and results of operations.

Our merchant processors withhold a percentage of our sales as part of our restricted cash reserves. Release of the restricted cash is at the sole discretion of the merchant processor. Although we generally have been able to obtain releases from time to time, and pursuant to the terms of the merchant processor agreement, there can be no assurances that we will be able to do so in the future if the merchant processor's ability to continue to operate becomes doubtful, including, but not limited to, illiquidity or fraud. This could materially adversely impact our business, financial condition and results of operations.

Our management has identified internal control deficiencies, which our management believe constitute material weaknesses.

Our management has determined that we presently do not have an internal control system or procedures that are effective and may be relied upon in connection with our financial reporting. The weaknesses in our internal control system that were identified by our management generally include weakness that present a reasonable possibility that a material misstatement of our annual or interim financial statements will not be identified, prevented or detected on a timely basis, and specifically include:

- Financial Reporting Systems: The weakness in our internal control system identified by our management relate to the implementation of our new ERP system, which went into production on January 1, 2018. Our ERP software is not able to produce complete and accurate information in regard to revenues and deferred revenues for consistent financial reporting purposes.

If we fail to effectively remediate any of these material weaknesses or other material weaknesses or deficiencies in our control environment that may be identified in the future, we may be unable to accurately report our financial results or report them within the time frames required by law or exchange regulations, to the extent applicable, which would have a negative impact on us and our share price.

Our cash flows from operations decreased in 2020 versus our cash flows from operations in 2019. If this trend were to continue in the future, it could impair our ability to fund our working capital needs and adversely affect our financial condition.

Management currently projects that our available cash balances will not be sufficient to maintain our operations during 2021. In addition, when considering all of the applicable operational and external risks and uncertainties, including, but not limited to cash generated from new and ongoing business initiatives, our ability to effectively execute our strategies, relationships with our credit card processors, potential claims against the Company related to the insolvency of certain its foreign subsidiaries, and potential current and future litigation matters, we believe that we may not be adequately capitalized. We may seek to obtain additional capital through the issuance of equity or debt, which may dilute the equity holdings of our current investors. In addition, we may seek to borrow additional capital from institutional and commercial banks or other sources to fund future operations on terms that may include restrictive covenants, liens on assets, high effective interest rates, and repayment provisions that reduce our cash resources and limit future access to capital markets. We do not currently have any commitments for future external funding. Our ability to raise additional capital may be adversely impacted by the economic environment. If we cannot generate the required cash to sustain operations or obtain additional capital on acceptable terms, we will need to make further revisions to our business plan, sell or liquidate assets, or limit or discontinue some or all of our operations.

Our operations outside the United States subject us to additional risks inherent in international operations.

Traditionally, we have operated in the United Kingdom, Canada, Hong Kong, South Africa and other international markets in addition to our U.S. operations. As a result, we face risks that are inherent in international operations, including:

- Complexity of operations across borders, including the ability to identify and obtain staff, sales speakers, trainers and suppliers;
- Currency exchange rate fluctuations;
- Restrictions on the movements of cash;
- Multiple and possibly overlapping or conflicting tax laws;
- Applicability of training concepts to foreign markets;
- Compliance with foreign regulatory requirements including anti-corruption, banking, cash repatriation, and data and privacy protection;
- Political instability;
- Travel restrictions; and
- Price controls or restrictions on exchange of foreign currencies.

If we are unable to successfully manage these and other factors, our business could be adversely affected, and our financial condition and results of operations could suffer.

Failure to comply with laws, regulations and policies, including the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, could result in fines, criminal penalties and an adverse effect on our business.

We are subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies, including anti-corruption laws and export-import compliance and trade laws, and data protection due to our global operations. In particular, the U.S. Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act of 2010 and similar anti-bribery laws in other jurisdictions generally prohibit companies, their agents, consultants and other business partners from making improper payments to government officials or other persons (*i.e.,* commercial bribery) for the purpose of obtaining or retaining business or other improper advantage. They also impose recordkeeping and internal control provisions on companies such as ours. We operate and/or conduct business in some parts of the world, such as Hong Kong, that are recognized as having governmental and commercial corruption and in such countries, strict compliance with anti-bribery laws may conflict with local customs and practices. Under some circumstances, a parent company may be civilly and criminally liable for bribes paid by a subsidiary. We cannot assure you that our internal control policies and procedures have protected us, or will protect us, from unlawful conduct of our employees, agents, consultants and other business partners. In the event that we believe or have reason to believe that violations may have occurred, including without limitation violations of anti-corruption laws, we may be required to investigate and/or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Violation may result in substantial civil and/or criminal fines, disgorgement of profits, sanctions and penalties, debarment from future work with governments, curtailment of operations in certain jurisdictions, and imprisonment of the individuals involved. As a result, any such violations may materially and adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Any of these impacts could have a material, adverse effect on our business, results of operations or financial condition.

Uncertain economic conditions and other changes experienced by our customers, including the willingness to trade or invest in securities or real estate, could influence their willingness to spend their discretionary income on our course offerings and products, and could materially adversely impact our business, financial condition and results of operations.

Uncertain economic conditions may affect our customers' discretionary income, access to credit and ability and willingness to purchase our courses offerings and products. Economic conditions and consumer spending are influenced by a wide range of factors that are beyond our control. These conditions include but are not limited to:

- Demand for our course offerings and related products;
- Conditions in the securities and investment markets;
- Conditions in the real estate market;
- Availability of mortgage financing and other forms of credit and consumer credit;
- General economic and business conditions;
- Adverse changes in consumer confidence levels;
- General political developments;
- Adverse weather or natural or man-made disasters; and
- Regional, national and/or worldwide pandemics, or other public health risks.

Any decreased interest in real estate and/or financial markets investing strategies and techniques in the future could impact our brands. Additionally, a prolonged economic downturn or uncertainty over future economic conditions, could increase these effects on our business. In addition, our ongoing business expansion efforts and related operational changes add to the difficulty and risk of forecasting the timing, magnitude and direction of operational and financial outcomes with respect to our business.

We have only a limited ability to protect our intellectual property rights, which are important to our success.

Our financial success depends, in part, upon our ability to protect our brand names, curriculums, and other proprietary and licensed intellectual property. The existing laws of some countries in which we conduct business might offer only limited protection of our intellectual property rights. To protect our intellectual property, we rely upon a combination of confidentiality policies, nondisclosure, and other contractual arrangements, as well as copyright and trademark laws. The steps we take in this regard may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property, and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights, especially in foreign jurisdictions. The loss of proprietary content or the unauthorized use of our intellectual property, including our brand names, may create significant market confusion and result in greater competition, loss of revenue, and adverse publicity.

We face significant competition in our markets.

Our success depends upon our ability to attract customers by providing high-quality courses and training materials, as well as to attract and retain quality trainers to provide those courses. The market for training courses for specific business issues, such as real estate or stock market investing, is intensely competitive. If we are unable to successfully compete, our business, financial condition and results of operations will be materially harmed. Certain competitors may have access to certain marketing channels or be able to secure alliances with customers and affiliates on more favorable terms, devote greater resources to marketing and promotional campaigns and devote substantially more resources to course development than we can. In addition, it is possible that certain competitors, or potential competitors, could reduce their pricing to levels that would make it difficult for us to compete. Increased competition may result in reduced operating margins, as well as loss of market share and brand recognition. Our success is dependent on our ability to successfully attract customers to programs that they feel will enhance their knowledge and enhance their earning power. Their level of satisfaction with our course offerings affects our reputation as they tell others about their experience. Our business could suffer if we fail to deliver quality programs at acceptable price points.

In addition, in order to compete effectively in our markets, we may need to change our business in significant ways. For example, to respond to market competition we may change our pricing, product, or service offerings, make key decisions about technology changes or marketing strategies, or acquire additional businesses or technologies. Any of these actions could hurt our business, financial condition and results of operations. Competitors continually introduce new programs that may compete directly with our offerings that may make our offerings uncompetitive or obsolete. Larger competitors may have superior abilities to compete for customers and skilled professionals, reducing our ability to deliver our quality offerings to our customers.

Laws and regulations can affect the operation of our business and may limit our ability to operate in certain jurisdictions.

Federal, state, and international laws and regulations impact our operations and may limit our ability to obtain authorization to operate in some states or countries. Many federal, state, and international governmental agencies assert authority to regulate providers of investment training programs. Failure to comply with these regulations could result in legal action instituted by the jurisdictions, including cease and desist and injunctive actions. In the event we are subject to such legal action, our reputation could be harmed and the demand for our course offerings and products could be significantly reduced. We are involved from time to time in routine legal matters incidental to our business, including disputes with students and information requests from state regulatory agencies. Based upon available information, we believe that the resolution of such matters will not have a material adverse effect on our consolidated financial position or results of operations. Future regulatory changes with respect to the various topics of our courses or the investment techniques we teach, could also impact the content of our course offerings, which in turn, could negatively impact future sales.

Cyber-attacks as well as improper disclosure or control of personal information could result in liability and harm our reputation, which could adversely affect our business and results of operations.

We are dependent on information technology networks and systems to process, transmit and store electronic information and to communicate among our locations around the world and with our customers. Security breaches of this infrastructure could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of confidential information. We are also required at times to manage, utilize and store sensitive or confidential customer or employee data. While we take measures to protect the security of, and unauthorized access to, our systems, as well as the privacy of personal and proprietary information, it is possible that our security controls over our systems, as well as other security practices we follow, may not prevent the improper access to or disclosure of personally identifiable or proprietary information. In addition, much of our financial, customer, and employee data resides on third party equipment not within our custody or control such that we cannot prevent the improper access to or disclosure of such data or might be prevented from accessing such data for our own purposes. Any such disclosures or inability to access our proprietary information could harm our reputation and subject us to liability under our contracts and laws that protect personal data, or negatively impact our ability to manage operations resulting in increased costs or loss of revenue. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services.

The European Union's ("EU") General Data Protection Regulation ("GDPR") took effect in May 2018 and requires EU member states to meet new and more stringent requirements regarding the handling of personal data. Failure to meet the GDPR requirements could result in substantial penalties of up to the greater of €20 million or 4% of global annual revenue of the preceding financial year. Additionally, compliance with the GDPR has resulted in increased operational costs to implement new procedures corresponding to new legal rights granted under the law. Although the GDPR applies across the EU without a need for local implementing legislation, local data protection authorities still have the ability to interpret the GDPR through so-called opening clauses, which permit region-specific data protection legislation and have the potential to create inconsistencies on a country-by-country basis.

Our efforts to comply with GDPR and other privacy and data protection laws may impose significant costs and challenges that are likely to increase over time. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in impairment to our reputation in the marketplace and we could incur substantial penalties or litigation related to violation of existing or future data privacy laws and regulations, which could have a material adverse effect on our business, financial condition and results of operations.

We are highly dependent on our senior management, high performing sales speakers and course trainers, and if we are not able to retain them or to recruit and retain additional qualified personnel, our business could suffer.

We are highly dependent upon our senior management. In addition, our business model is predicated on our ability to provide our customers with qualified and experienced trainers, coaches, and mentors. The loss of services of any of the members of our senior management or high performing sales speakers or course trainers could have a material adverse effect on our business, financial condition and results of operations.

We may increase our management personnel to obtain certain additional functional capability, including regulatory, sales, business development, e-commerce, and quality assurance and control, either by hiring additional personnel or by outsourcing these functions to qualified third-parties. We may not be able to engage these third-parties on terms favorable to us. Also, we may not be able to attract and retain qualified personnel on acceptable terms given the competition for such personnel among companies that operate in our markets. If we fail to identify, attract, retain and motivate highly skilled personnel, or if we lose current employees or contractors, it could have a material adverse effect on our business, financial condition and results of operations. We currently do not maintain key man insurance on any member of our senior executive management team.

Our ability to sell and fulfill courses may be affected by public health risks, adverse weather, natural disaster, strikes or other unpredictable or uncontrollable events.

Adverse weather, natural disasters, external labor disruptions, pandemics, and other adverse events may affect our ability to conduct our business and could have a material adverse effect on our business, financial condition and results of operations. Public health risks, such as epidemics or pandemics, and severe weather or natural disasters, such as hurricanes, blizzards, floods and earthquakes, and other events beyond our control may reduce the ability or willingness of our students to travel to or otherwise attend our events. These events may also disrupt the printing and transportation of the materials used in our direct mail campaigns. Furthermore, postal strikes could occur in the countries where we operate which could delay and reduce delivery of our direct mail marketing materials. Transportation strikes could also occur in the countries where we operate, adversely affecting our ability to conduct business.

A relocation or closure of any of our office locations could materially adversely impact our business, financial condition and results of operations.

If any of the leases for our leased offices are not renewed, or if any of our offices, whether owned or leased, are inadequate for our business operations, we may be compelled to relocate operations to new locations or cease operations in that local market, which could result in disruption of the business, additional costs and expenses, and loss of key personnel, any of which could adversely affect our financial condition and results of operations.

Remote working conditions could materially adversely impact our business, financial condition and results of operations.

Due to the COVID-19 pandemic, the Company may experience different and additional risks, such as decreased worker productivity as a result of remote working arrangements, increased medical, emergency or other leave could materially adversely impact our business, financial conditions and results of operations. Since the pandemic, the Company has been operating with all of its workforce working remotely. In addition, an extended period of remote working by the Company's employees could strain its technology resources and introduce operational risks, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the remote working conditions.

Risks Related to Ownership of Our Common Stock

We may issue additional shares of common or preferred stock that subordinate your rights and dilute your equity interests.

We may need to raise investment capital for us to successfully execute our business strategy and it may be preferable or necessary to issue preferred stock to investors. Preferred stock may grant the holders certain preferential rights in voting, dividends, liquidation or other rights in preference over a company's common stock.

The issuance by us of common or preferred stock could dilute both the equity interests and the earnings per share of existing holders of our Common Stock. Such dilution may be substantial, depending upon the number of shares issued. The newly authorized shares of preferred stock could also have voting rights superior to our Common Stock, and in such event, would have a dilutive effect on the voting power of our existing stockholders.

Any issuance of common or preferred stock with voting rights could, under certain circumstances, have the effect of delaying or preventing a change in control of us by increasing the number of outstanding shares entitled to vote and by increasing the number of votes required to approve a change in control of us. Shares of voting or convertible common or preferred stock could be issued, or rights to purchase such shares could be issued, to render more difficult or discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise. Such issuances could therefore deprive our stockholders of benefits that could result from such an attempt, such as the realization of a premium over the market price that such an attempt could cause. Moreover, the issuance of such shares of common or preferred stock to persons friendly to our Board of Directors could make it more difficult to remove incumbent managers and directors from office even if such change were to be favorable to stockholders generally.

Our Common Stock has a limited trading market, which could affect your ability to sell shares of our Common Stock and the price you may receive for our Common Stock.

Our Common Stock is currently traded in the over-the-counter market and "bid" and "asked" quotations regularly appear on the OTCQB maintained by OTC Markets, Inc. under the symbol "LEAI". There is limited trading volume in our securities. We cannot predict the extent to which investors' interest in our Common Stock will provide an active and liquid trading market, which could depress the trading price of our Common Stock and could have a long-term adverse impact on our ability to raise capital in the future. We may be vulnerable to investors taking a "short position" in our Common Stock, which would likely have a depressing effect on the price of our Common Stock and add increased volatility to our trading market. The volatility of the market for our Common Stock could have a material adverse effect on our business, financial condition and results of operations. There cannot be any guarantee that an active trading market for our securities will develop or, if such a market does develop, will be sustained. Accordingly, investors must be able to bear the financial risk of losing their entire investment in our Common Stock.

Being an SEC reporting company imposes costs and compliance risks.

Compliance with the periodic reporting requirements required by the SEC consumes a considerable amount of both internal, as well external, resources and represents a significant cost for us. Our management will be required to administer appropriate programs and policies in responding to increased legal, regulatory compliance, and reporting requirements, and any failure to do so could lead to the imposition of fines and penalties and harm our business.

In addition, if we are unable to continue to devote adequate funding and the resources needed to maintain such compliance, while continuing our operations, we may be in non-compliance with applicable SEC rules or the securities laws, and be delisted from the OTCQB or other market we may be listed on, which would result in a decrease in or absence of liquidity in our Common Stock, and potentially subject us and our officers and directors to civil, criminal and/or administrative proceedings and cause us to voluntarily file for deregistration of our Common Stock with the Commission.

Future sales of our Common Stock in the public market could lower the price of our Common Stock, dilute your equity interests, and impair our ability to raise funds in future securities offerings.

We may decide to raise additional capital through the sale of our securities or through other instruments both of which could result in the issuance of additional shares of our Common Stock. The issuance by us of Common Stock could dilute both the equity interests and the earnings per share of existing holders of our Common Stock. Such dilution may be substantial, depending upon the number of shares issued. In addition, future issuances of a substantial number of shares of our Common Stock in the public market, or the perception that such sales may occur, could adversely affect the then prevailing market price of our Common Stock and could make it more difficult for us to raise funds in the future through the sale of our securities.

In the event we raise capital through a private placement of our Common Stock and/or other securities convertible into shares of our Common Stock, such offering could dilute both the equity interests and the earnings per share of our stockholders. Such dilution may be substantial, depending upon the number of shares issued in any potential private placement.

The market price of our Common Stock may be volatile and may be affected by market conditions beyond our control.

The market for our Common Stock is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. First, our shares of Common Stock are sporadically and thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our stockholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of shares of our Common Stock are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Second, we are a speculative or "risky" investment due to our limited operating history, and uncertainty of future market acceptance for our potential products. As a consequence of this enhanced risk, more risk-averse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. Many of these factors are beyond our control and may decrease the market price of our Common Stock, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our Common Stock will be at any time, including as to whether our Common Stock will sustain its current market price, or as to what effect the sale of shares or the availability of Common Stock for sale at any time will have on the prevailing market price.

The market price of our Common Stock is subject to significant fluctuations in response to, among other factors:

- changes in our financial performance or a change in financial estimates or recommendations by securities analysts;
- announcements of innovations or new products or services by us or our competitors;
- the emergence of new competitors or success of our existing competitors;
- operating and market price performance of other companies that investors deem comparable;
- changes in our Board of Directors or management;
- sales or purchases of our Common Stock by insiders;
- commencement of, or involvement in, litigation;
- changes in governmental regulations;
- general economic conditions and slow or negative growth of related markets and;
- other risks related to our business as set forth above.

In addition, if the market for stock in our industry, or the stock market in general, experience a loss of investor confidence, the market price of our Common Stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause the price of our Common Stock to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and distract our Board of Directors and management.

We do not intend to pay dividends for the foreseeable future, and you must rely on increases in the market prices of our Common Stock for returns on your investment.

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our Common Stock. Accordingly, investors must be prepared to rely on sales of their Common Stock after price appreciation to earn an investment return, which may never occur. Investors seeking cash dividends should not purchase our Common Stock. Any determination to pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

We are subject to penny stock regulations and restrictions and you may have difficulty selling shares of our Common Stock.

The Commission has adopted regulations which generally define so-called "penny stocks" as an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exemptions. Our Common Stock is a "penny stock", and we are subject to Rule 15g-9 under the Exchange Act, or the Penny Stock Rule. This rule imposes additional sales practice requirements on broker-dealers that sell such securities to persons other than established customers and "accredited investors" (generally, individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000, or $300,000 together with their spouses). For transactions covered by Rule 15g-9, a broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to sale. As a result, this rule affects the ability of broker-dealers to sell our securities and affects the ability of purchasers to sell any of our securities in the secondary market.

For any transaction involving a penny stock, unless exempt, the rules require delivery, prior to any transaction in a penny stock, of a disclosure schedule prepared by the Commission relating to the penny stock market. Disclosure is also required to be made about sales commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock.

There can be no assurance that our shares of Common Stock will qualify for exemption from the Penny Stock Rule. In any event, even if our Common Stock were exempt from the Penny Stock Rule, we would remain subject to Section 15(b)(6) of the Exchange Act, which gives the Commission the authority to restrict any person from participating in a distribution of penny stock if the Commission finds that such a restriction would be in the public interest.

In addition to the "penny stock" rules described above, the Financial Industry Regulatory Authority ("FINRA") has adopted similar rules that may also limit a stockholder's ability to buy and sell our Common Stock. FINRA rules require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for such customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Anti-takeover provisions could limit the ability of a third party to acquire us.

On February 15, 2017, we adopted a limited duration Shareholder Rights Plan (the "Plan"). Under the Plan, one preferred stock purchase right will be distributed for each share of common stock held by stockholders of record on March 2, 2017. The rights will trade with the common stock and will not be separable or exercisable until such time as the Plan is triggered. The Plan was scheduled to expire on February 15, 2019, subject to the Company's right to extend such date, unless earlier redeemed or exchanged by the Company or terminated.

On November 12, 2018, the Board of Directors of Legacy Education Alliance, Inc. (the "Company") approved an amendment (the "Amendment") to the Rights Agreement dated as of February 16, 2017 by and between the Company and VStock Transfer LLC (VStock), as Rights Agent (the "Rights Agreement"), to (i) extend the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2021, and (ii) to provide for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

On November 25, 2019, we entered into an assumption agreement with Broadridge Corporate Issuer Solutions, Inc. (Broadridge), whereby Broadridge assumes the role of Rights Agent under the Rights Agreement, effectively replacing VStock as Rights Agent.

On February 12, 2021, the Board of Directors of Legacy Education Alliance, Inc. (the "Company") approved an amendment (the "Amendment") to the Rights Agreement dated as of February 16, 2017 by and between the Company and Broadridge Corporate Issuer Solutions, Inc., successor to VStock Transfer LLC (VStock), as Rights Agent (the "Rights Agreement"), to (i) extend the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2023, and (ii) to provide for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

The extension of the Final Expiration Date under the Rights Agreement was entered into to ensure that the Board of Directors would continue to have sufficient time to consider any proposal from a third party that might result in a change in control of the Company, to ensure that all stockholders receive fair and equal treatment in the event of any such a proposal, and to encourage any potential acquirer to negotiate with the Board of Directors. In addition, extending the Rights Agreement will guard against partial tender offers, open market accumulations and other coercive tactics aimed at gaining control of the Company without paying all stockholders a full control premium for their shares. The Rights Agreement was not amended in response to any specific takeover offer.

The Nevada Revised Statutes, which is the general corporate law applicable to us, contain provisions governing an acquisition of controlling interest of us. These provisions provide generally that any person or entity that acquires a certain percentage of our outstanding voting shares may be denied voting rights with respect to the acquired shares, unless the acquisition is approved by both (i) the holders of a majority of the voting shares of our stock, and (ii) if the acquisition would adversely alter or change any preference or other right given to any other class or series of outstanding shares, the holders of a majority of each class or series effected, excluding the shares held by any interested person (including, such acquiring person or entity, an officer or a director of the corporation, and an employee of the corporation). This provision of the Nevada Revised Statutes could impede an acquisition of us even if a premium would be paid to our stockholders for their shares.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table sets forth our office locations as of December 31, 2020:

Purpose	Location	Own/lease	Approximate square footage	Lease expiration
Executive offices	Cape Coral, FL	Lease	1,600	09/30/2022
			1,600	

During the quarter ended September 30, 2020, we cancelled all of our outstanding lease arrangements for office space and equipment.

On October 1, 2020, 1612 E. Cape Coral Parkway Holding Co., LLC ("Seller"), a subsidiary of the Company, closed on the sale of the real property and improvements located at 1612 E. Cape Coral Parkway, Cape Coral, Florida (the "Property") for $2.5 million to Daniel Thom, as Trustee of Torstonbo Trust, a Florida revocable trust ("Buyer). A portion of the proceeds realized by the Seller from the sale of the Property were used to satisfy Seller's obligations under a Promissory Note ("Note") and Mortgage, Assignment of Rents, and Security Agreement (collectively, the "Loan Documents") entered into on August 6, 2020 with Northern Equity Group, Inc., JKH Ventures, Inc., and Donald Ross, LLC pursuant to which Seller had borrowed the principal amount of $1 million. The Seller's obligations under the Loan Documents were secured by a first mortgage on the Property. The net proceeds realized by the Seller from the sale of the Property were $1.24 million after deductions for repayment of the Note, broker commissions, and other fees, and costs.

The Property served as the Company's headquarters until its sale date. On October 1, 2020, the Company relocated its headquarter to 1490 N.E. Pine Island Road, Suite 5D, Cape Coral, FL 33909 and entered into a two year operating lease for the new 1,600 square feet office and warehouse space. The new lease provides the Company an option to extend the term of the lease for a third year. The lease obligation is approximately $32 thousand plus other costs for shared services, maintenance and sales tax over the course of its life.

We believe that our facilities are adequate for our current purposes.

ITEM 3. LEGAL PROCEEDINGS

See Note 15 "*Commitments and Contingencies"* in the Notes to Consolidated Financial Statements contained in *Part II, Item 8* of this Annual Report for information about legal proceedings in which we are involved.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our shares of Common Stock are quoted on the OTCQB Market under the symbol LEAI. Prior to our Merger, our shares were quoted on the OTCQB Market under the symbol PRCD commencing on April 7, 2014. The following table shows the high and low bid prices of our common stock for the periods indicated. These quotations reflect inter-dealer prices, without retail mark-up, markdown or commissions, and may not represent actual transactions.

	High	Low
Year ended December 31, 2020		
Fourth Quarter	$ 0.2	$ 0.0
Third Quarter	$ 0.1	$ 0.0
Second Quarter	$ 0.1	$ 0.1
First Quarter	$ 0.2	$ 0.1
Year ended December 31, 2019		
Fourth Quarter	$ 0.1	$ 0.0
Third Quarter	$ 0.4	$ 0.1
Second Quarter	$ 0.2	$ 0.1
First Quarter	$ 0.2	$ 0.1

Holders

As of December 31, 2020, there were approximately 266 stockholders of record for our Common Stock. The number of stockholders does not include beneficial owners holding shares through nominee names.

Dividends

We have not paid out any cash dividends for the past two years and do not anticipate paying any cash dividends on our Common Stock for the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

The Company's 2015 Equity Plan (the "2015 Incentive Plan") was approved by the stockholders at our annual meeting of stockholders on July 16, 2015. The 2015 Incentive Plan reserves 5,000,000 shares of our Common Stock for stock options, restricted stock, and a variety of other types of equity awards. The text of the 2015 Incentive Plan is included in the attachment marked as Appendix B to the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on June 16, 2015. The financial activity pertaining to our employees and directors under the 2015 Incentive Plan is incorporated by reference to Note 7 "Share-Based Compensation" on page F-17 of our consolidated financial statements, presented herein.

ITEM 6. SELECTED FINANCIAL DATA

Not required.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Item 8. Financial Statements and Supplementary Data. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to those described in Item 1A. Risk Factors and below under the caption "Outlook." Actual results may differ materially from those contained in any forward-looking statements.

Business Overview

We are a provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate investing strategies and techniques. Our programs are offered through a variety of formats and channels, including free workshops, basic trainings, forums, telephone mentoring, one-on-one mentoring, coaching and e-learning. In October 2019, we launched our new proprietary line of training, mentoring and coaching products to support our students through every phase of their journey with us, from beginner to experienced investor. In December 2019, we held our first virtual (online) symposium and our first Legacy Investor Forum. In November 2020, we held our first live post-COVID events.

Since December 31, 2019, we have operated under two brands:

- *Building Wealth with Legacy* TM: provides practical, high-quality and value-based educational training on the topics of personal finance, entrepreneurship, real estate, financial markets and investing strategies and techniques. This training program encompasses hands-on experience and the true spirit of investing from beginner to educated investor. In response to the limitations on travel and the social distancing protocols arising out of the Coronavirus pandemic, the Company began marketing its *Legacy Education*TM products transitioning to brand name *Building Wealth with Legacy*TM.

- *Homemade Investor by Tarek El Moussa*TM introduces people to the investor mindset, real estate investing strategies, and ways to generate cash flow that are designed to help build a foundation of knowledge for their financial goals. Homemade Investor events offered nationwide free workshops, 3-day trainings and large stage events with Tarek presenting as the keynote speaker, all selling into our advanced training products.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to four days in length, on site or remotely, although we have suspended providing on-site mentorships as a result of the COVID-19 pandemic) and telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

We were founded in 1996, and through a reverse merger, became a publicly-held company in November 2014. Today we are a global company that has cumulatively served more than two million students from more than 150 countries and territories over the course of our operating history.

Our operations are managed through three operating segments: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets.

Recent Developments

Impact from COVID-19 Coronavirus.

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak as a pandemic. As a result of worldwide restrictions on travel and social distancing, in March 2020 we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed sales operations in June 2020 with online sales events selling into our suite of online, on-demand, and over-the-phone products. We also resumed online, on-demand, and over-the-phone fulfillment activities in June 2020. We resumed live operations in November 2020, with events in Florida. The Company expects to conduct additional live events in other areas as lockdown restrictions continue to ease and hopes to return to a normal schedule over the coming months. The Company will continue following strict safety protocols at the live events. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance.

The ultimate impact from COVID-19 on the Company's operations and financial results will depend on, among other things, the ultimate severity and scope of the pandemic, the pace at which governmental and private travel restrictions and public concerns about public gatherings will ease, the rate at which historically large increases in unemployment rates will decrease, if at all, and the speed with which the economy recovers. We are not able to fully quantify the impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2021 and beyond.

Changes in Management and Board of Directors

On March 8, 2021, the Company's Board of Directors (the "Board") elected Michel Botbol, 61, as a Director, Chairman of the Board, and Chief Executive Officer of the Company. On the same date, the Board appointed James E. May, 66, as General Counsel of the Company, a position he held prior to his appointment as Interim CEO of the Company in January 2019. Upon the assumption of his position as General Counsel, Mr. May resigned as Director and Chief Executive Officer.

Senior Secured Convertible Debt Agreement

On February 11, 2021 the Company entered into a non-binding term sheet with Legacy Tech Partners, LLC (LTP). The term sheet includes a Debenture Agreement of $375 thousand, with 10% per annum interest rate. The Debenture may be converted at any time after the issue date into shares of the Company's Common Stock (the "Conversion Shares") at a price equal to $0.05 per share. Together with each Conversion Share, a warrant will be issued with a strike price of $0.05 per share and an expiration date of five years after issuance. The term sheet anticipates entering into a share purchase agreement whereby LTP will acquire for nominal consideration the existing business, assets and liabilities of the Company (the "Spin-Off"), while the Company will enter into a license agreement with LTP to retain rights with respect to certain of its intellectual property for the benefit of building an Education Technology ("EdTech") business. This transaction will be subject to stockholder and regulatory approval and other conditions.

On March 8, 2021, the Company issued a $375 thousand Senior Secured Convertible Debenture ("Debenture") to Legacy Tech Partners, LLC ("LTP") a Delaware limited liability company. The Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and March 8, 2022. The Debenture may be converted at any time after the issue date into shares of the Company's Common Stock (the "Conversion Shares") at a price equal to $0.05 per share. Together with each Conversion Share a warrant will be issued with a strike price of $0.05 per share and an expiration date of March 8, 2026 (the "Warrants"). LTP has an obligation to lend the Company an additional $625 thousand under the same terms prior to March 31, 2022, and an option to fund an additional $4 million under the same terms prior to March 8, 2024. LTP also has the option to extend the maturity date of each loan it makes to the Company, including the initial loan of $375 thousand for a term not to exceed four years from the original maturity date of that loan. Net proceeds were $314 thousand after legal fees related to the transaction. The Debenture is secured by a lien on all the Company's assets. The Company's U.S. subsidiaries entered into Guaranties on March 9, 2021 in favor of LTP under which such subsidiaries guaranteed the Company's obligations under the Debenture and granted LTP a lien on all assets of such subsidiaries. The use of proceeds from the Debenture will be to extinguish liabilities of the Company and to fund the development of the EdTech (as defined above) business. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the Debenture are not being registered under the Securities Act of 1933, as amended (the "Securities Act"). The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants.

Bankruptcy or Receivership

At a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "Arrangement") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). Under the terms of the Arrangement, CVR Global LLP has been appointed as Supervisor of ELE UK for the purposes of administering the Arrangement. At the Creditors Meeting, the creditors also approved a modification to the Arrangement whereby any tax refunds due to ELE UK would be paid to the Supervisor and made available for distribution to creditors. The Supervisor will wind down the business of ELE UK and make distributions to ELE UK's non-student creditors in accordance with the applicable provisions of the IA and the IR, on and subject to the terms and conditions set forth in the Arrangement in satisfaction of the non-student creditors' respective claims against ELE UK. Student creditors of ELE UK will be provided the opportunity to receive trainings from an independent training provider on and subject to the terms and conditions set forth in the Arrangement in satisfaction of their respective claims against ELE UK. Pursuant to the Arrangement, and at its conclusion, the remaining assets of ELE UK, if any, would be distributed to LEAI. As a result of the CVR, the Winding-Up Petition, CR-2020-001958, filed in the High Court of Justice, Business and Property Courts of England and Wales has been dismissed. At this time, LEAI management is unable to anticipate any distributions that would be received from ELE UK.

On January 27, 2021, Legacy Education Alliance Australia PTY Ltd ("LEA Australia"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), appointed Brent Leigh Morgan and Christopher Stephen Bergin, both of the firm of Rodgers Reidy, 326 William Street, Melbourne VIC 3000 Australia, as Joint and Several Liquidators of LEA Australia, to supervise a Creditors Voluntary Liquidation of LEA Australia. Subject to the approval of the creditors of LEA Australia at a meeting to be held on February 23, 2021 AEDT (February 22, 2021 EST), the Joint Liquidators will wind down the business of LEA Australia and make distributions, if any, to its creditors in accordance with the applicable provisions of the Australian Corporations Act of 2001.

On March 2, 2021, Legacy Education Alliance Holdings, Inc. the sole shareholder of Legacy Education Alliance Hong Kong Ltd ("LEA Hong Kong"), a subsidiary of the Company, adopted a resolution to wind up voluntarily the affairs of LEA Hong Kong and to appoint Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), both of Borrelli Walsh Limited, Level 17, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong as Joint and Several Liquidators of LEA Hong Kong. At a meeting of the creditors of LEA Hong Kong held on March 2, 2021, the creditors similarly approved the voluntary winding up of LEA Hong Kong and the appointment of Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), as Joint and Several Liquidators. The Joint and Several Liquidators will wind up the business of LEA Hong Kong and make distributions, if any, to its creditors in accordance with the applicable provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

On March 7, 2021, Tigrent Learning Canada Inc. ("Tigrent Canada"), a wholly owned subsidiary of Legacy Education Alliance, Inc., filed an assignment in bankruptcy under section 49 of the Canada Bankruptcy and Insolvency Act (the "Act") in the Office of the Superintendent of Bankruptcy Canada, District of Ontario, Division of Toronto, Court No. 31-2718213. Also on March 7, 2021, A. Farber & Partners was appointed trustee of the estate of Tigrent Canada. The trustee will wind down the business of Tigrent Canada and make distributions, if any, to its creditors in accordance with the applicable provisions of the Act.

Results of Operations

Our financial results in 2020 were negatively affected by the COVID-19 pandemic impact, slower than we anticipated establishment of our new Homemade Investor brand, as well as the effect of winding down our Rich Dad brand and other matters as disclosed in the litigation section of Note 15 "Commitments and Contingencies" in the Notes to Consolidated Financial Statements.

Our Results of Operations in 2020 and 2019 were as follows:

	Years Ended December 31, 2020	Years Ended December 31, 2019
Revenue	$ 34,161	$ 75,496
Operating costs and expenses:		
Direct course expenses	7,913	39,854
Advertising and sales expenses	2,210	16,762
Royalty expenses	44	3,458
General and administrative expenses	5,460	13,778
Total operating costs and expenses	15,627	73,852
Income from operations	18,534	1,644
Other income (expense):		
Interest expense, net	(210)	(93)
Other income, net	1,643	533
Total other income, net	1,433	440
Income from continuing operations before income taxes	19,967	2,084
Income tax (expense) benefit	(3,958)	1,257
Net income from continuing operations	16,009	3,341
Gain on disposal of discontinued operations net assets	—	8,300
Loss from discontinued operations	—	(1,691)
Net income from discontinued operations	—	6,609
Net income	$ 16,009	$ 9,950
Basic earnings per common share - continuing operations	$ 0.69	$ 0.14
Basic earnings per common share - discontinued operations	—	0.29
Basic earnings per common share	$ 0.69	$ 0.43
Diluted earnings per common share - continuing operations	$ 0.68	$ 0.14
Diluted earnings per common share - discontinued operations	—	0.28
Diluted earnings per common share	$ 0.68	$ 0.42
Basic weighted average common shares outstanding	23,076	22,716
Diluted weighted average common shares outstanding	23,230	23,141
Comprehensive income:		
Net income	$ 16,009	$ 9,950
Foreign currency translation adjustments, net of tax of $0	(294)	(734)
Total comprehensive income	$ 15,715	$ 9,216

Our operating results expressed as a percentage of revenue are set forth in the table below:

	Years Ended December 31, 2020	Years Ended December 31, 2019

Revenue	100%	100%
Operating costs and expenses:		
Direct course expenses	23.2	52.8
Advertising and sales expenses	6.5	22.2
Royalty expenses	0.1	4.6
General and administrative expenses	16.0	18.2
Total operating costs and expenses	45.8	97.8
Income from operations	54.2	2.2
Other income (expense):		
Interest expense, net	(0.6)	(0.1)
Other income, net	4.8	0.7
Total other income, net	4.2	0.6
Income from continuing operations before income taxes	58.4	2.8
Income tax (expense) benefit	(11.6)	1.7
Net income from continuing operations	46.8	4.5
Net income from discontinued operations	—	8.8
Net income	46.8%	13.3%

Outlook

Cash sales were $3.7 million for the year ended December 31, 2020 compared to $79.5 million for the year ended December 31, 2019, a decrease of $75.8 million or 95.3%. The decrease was driven primarily by a $52.3 million decrease in our North American segment, an $18.2 million decrease in our Other Foreign Markets segment and a $5.3 million decrease in our U.K. segment.

We believe that cash sales remain an important metric when evaluating our operating performance. Pursuant to U.S. GAAP, we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program. Our students pay for their courses in full up-front or through payment agreements with independent third parties.

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 coronavirus outbreak as a pandemic. As a result of worldwide restrictions on travel and social distancing, in March 2020 we have ceased conducting live sales and fulfillment events for an undetermined period of time, which we expect will have a materially adverse impact on results of our operations.

Operating Segments

Our operations are managed through three operating segments: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets.

	Years Ended December 31,	
As a percentage of total revenue	**2020**	**2019**
North America	70.3%	72.1%
U.K.	3.1%	5.5%
Other foreign markets	26.6%	22.4%
Total consolidated revenue	100.0%	100.0%

Operating results for the segments are as follows:

	Years Ended December 31,	
	2020	**2019**
Segment revenue	**(In thousands)**	
North America	$ 24,001	$ 54,427
U.K.	1,058	4,128
Other foreign markets	9,102	16,941
Total consolidated revenue	$ 34,161	$ 75,496

North America

Revenue derived from the Rich Dad brands in our North America segment was $16.6 million and $43.5 million or as a percentage of total segment revenue, 69.1% and 79.9%, for the years ended December 31, 2020 and 2019, respectively. The majority pertained to real estate-related education, with the balance pertaining to financial markets training. We are continuing to develop non-Rich Dad brands *Homemade Investor*™ and *Legacy Education*™ to diversify our business, although our business to date in these brands has not been material to our Company as a whole. Revenue derived from our Homemade Investor brand was $1.0 million or as a percentage of total segment revenue was 4.1% for the year ended December 31, 2020.

The North America segment revenue was $24.0 million and $54.4 million or as a percentage of total revenue was 70.3% and 72.1% for the years ended December 31, 2020 and 2019, respectively.

The decrease in revenue of $30.4 million or 55.9% during the year ended December 31, 2020 compared to the same period in 2019, was due to the decrease in fulfillment of $29.8 million and decrease in recognition of revenue from expired contracts of $0.6 million.

U.K.

Revenue derived from the Rich Dad brands in our U.K. segment was $1.0 million and $3.5 million or as a percentage of total segment revenue was 97.7% and 84.6% for the years ended December 31, 2020 and 2019, respectively. The majority pertained to real estate-related education, with the balance pertaining to financial markets training. With the discontinued operations of UK Legacy, our U.K. segment is no longer as diverse.

The U.K. segment revenue was $1.1 million and $4.1 million or as a percentage of total revenue was 3.1% and 5.5% for the years ended December 31, 2020 and 2019, respectively. The discontinued operations of Legacy UK reduced this segment's revenue by $14.3 million for the year ended December 31, 2019. There were no discontinued operations of Legacy UK for the year ended December 31, 2020.

The decrease in revenue of $3.0 million or 74.4% for the year ended December 31, 2020 compared to the same period in 2019, was due to decreased fulfillment of $2.8 million and a decrease in recognition of revenue from expired contracts of $0.2 million.

Other Foreign Markets

Our other foreign markets segment includes other European, Asian and African countries. Revenue derived from the Rich Dad brands was $8.8 million and $16.9 million or as a percentage of total segment revenue was 96.7% and 100.0% for the years ended December 31, 2020 and 2019, respectively.

The Other Foreign Markets segment revenue was $9.1 million and $17.0 million or as a percentage of total revenue was 26.6% and 22.4% for the years ended December 31, 2020 and 2019, respectively.

The decrease in revenue of $7.9 million or 46.3% during the year ended December 31, 2020 compared to the same period in 2019, was due to decreased fulfillment of $1.3 million and a decrease in recognition of revenue from expired contracts of $6.6 million.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Revenue was $34.2 million for the year ended December 31, 2020 compared to $75.5 million for the year ended December 31, 2019, a decrease of $41.3 million or 54.8%. The decrease was due to decreased fulfillment of $33.9 million or 76.8% and a decrease in recognition of revenue from expired contracts of $7.4 million or 23.8%.

Cash sales were $3.7 million for the year ended December 31, 2020 compared to $79.5 million for the year ended December 31, 2019, a decrease of $75.8 million or 95.3%. The decrease was driven primarily by a $52.3 million decrease in our North American segment, an $18.2 million decrease in our Other Foreign Markets segment and a $5.3 million decrease in our U.K. segment.

Operating Expenses

Total operating costs and expenses were $15.6 million for the year ended December 31, 2020 compared to $73.9 million for the year ended December 31, 2019, a decrease of $58.3 million or 78.9%. The decrease was due to a $32.0 million decrease in direct course expenses, a $14.6 million decrease in advertising and sales expenses, an $8.3 million decrease in general and administrative expenses, and a $3.4 million decrease in royalty expenses.

Direct course expenses

Direct course expenses relate to our free preview workshops, basic and elite training, and individualized mentoring programs, consisting of instructor fees, facility costs, salaries, commissions and fees associated with our field representatives and related travel expenses. Direct course expenses were $7.9 million for the year ended December 31, 2020 compared to $39.9 million for the year ended December 31, 2019, a decrease of $32.0 million or 79.7%, which was related to decreases in sales and training compensation, due to the economic impact of the COVID-19 pandemic on consumers.

Advertising and sales expenses

We generally obtain most of our potential customers through internet-based advertising. Advertising and sales expenses consist of purchased media to generate registrations to our free preview workshops and costs associated with supporting customer recruitment. We obtain the majority of our customers through free preview workshops. These preview workshops are offered in various metropolitan areas in North America, United Kingdom, and other international markets. Prior to the actual workshop, we spend a significant amount of money in the form of advertising through various media channels.

Advertising and sales expenses were $2.2 million for the year ended December 31, 2020 compared to $16.8 million for the year ended December 31, 2019, a decrease of $14.6 million or 86.9%. As a percentage of revenue, advertising and sales expenses were 6.5% and 22.2% for the years ended December 31, 2020 and 2019, respectively. The decrease is primarily related to the COVID-19 restrictions on our ability to operate.

Royalty expenses

We are required to pay royalties under the licensing and related agreements pursuant to which we develop, market, and sell Rich Dad and Homemade Investor branded live seminars, training courses, and related products worldwide. Royalty expenses were $0.0 million for the year ended December 31, 2020 compared to $3.4 million for the year ended December 31, 2019.

General and administrative expenses

General and administrative expenses primarily consist of compensation, benefits, insurance, professional fees, facilities expenses and travel expenses for the corporate staff, as well as depreciation and amortization expenses. General and administrative expenses were $5.5 million for the year ended December 31, 2020 compared to $13.8 million for the year ended December 31, 2019, a decrease of $8.3 million, or 60.1%. The decrease in general and administrative expenses was partially a result of a decrease in our personnel expenses due to the fact that we furloughed substantially all of our employees during Q2 2020.

Other income, net

Other income was $1.6 million for the year ended December 31, 2020 compared to other income of $0.5 million for the year ended December 31, 2019, an increase in other income of $1.1 million, mainly representing gain on sale of our property and equipment, and investment property during the year ended December 31, 2020, and a cash payment from Process America, Inc. in the amount of $0.4 million, received as a distribution on the legal case during the year ended December 31, 2019.

Income tax expense

We recorded income tax expense of $4.0 million and income tax benefit of $1.3 million for the year ended December 31, 2020 and 2019, respectively, a $5.3 million increase in income tax expense.

Our effective tax rate was 19.8% and (60.3)%for the year ended December 31, 2020 and 2019, respectively. Our effective tax rates differed from the U.S. statutory corporate tax rate of 21.0%, primarily because of the mix of pre-tax income or loss earned in certain jurisdictions.

We record a valuation allowance when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. We have retained a full valuation allowances of $3.6 million against the deferred tax assets of our Australian, Canadian, U.K., Hong Kong, and South Africa subsidiaries as of December 31, 2020. We have retained full valuation allowances of $4.7 million against the deferred tax assets of our United States, Australian, Canadian, U.K. (excluding Elite Legacy Education UK), Hong Kong, and South Africa subsidiaries as of December 31, 2019. The most significant negative factor that was considered in determining whether a valuation allowance was required is a cumulative recent history of losses in all jurisdictions for the entities mentioned above.

Net income from continuing operations

Net income from continuing operations was $16.0 million or $0.69 per basic and $0.68 per diluted common share for the year ended December 31, 2020, compared to net income of $3.3 million or $0.14 per basic and diluted common share for the year ended December 31, 2019, an increase in net income from continuing operations of $12.7 million or $0.55 per basic and $0.54 per diluted common share.

Net income for the year ended December 31, 2020 was positively impacted by the decrease in operating cost of $58.3 million.

Net income from discontinued operations

Net income from discontinued operations was $6.6 million or $0.29 per basic common share and $0.28 per diluted common share for the year ended December 31, 2019. There was no net income (loss) from discontinued operations for the year ended December 31, 2020.

Net income for the year ended December 31, 2019 mainly represents the gain on disposal of discontinued operations net assets.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. In addition to the estimates presented below, there are other items within our consolidated financial statements that require estimation but are not deemed critical as defined below. We believe these estimates are reasonable and appropriate. However, if actual experience differs from the assumptions and other considerations used, the resulting changes could have a material effect on the financial statements taken as a whole.

Management believes that the following policies and estimates are critical because they involve significant judgments, assumptions and estimates. Management has discussed the development and selection of the critical accounting estimates with the Audit Committee of our Board of Directors and the Audit Committee has reviewed the disclosures presented below relating to those policies and estimates.

Long-Lived Assets

We evaluate the carrying amount of our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We record an impairment loss when indications of impairment are present and undiscounted cash flows estimated to be generated by those assets are less than assets' carrying value. We evaluate the remaining life and recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. At such time, we estimate the future cash flows expected from the use of the assets and their eventual dispositions and, if lower than the carrying amounts, adjust the carrying amount of the assets to their estimated fair value. Because of our changing business conditions including current and projected level of income, business trends, prospects and market conditions, our estimates of cash flows to be generated from our operations could change materially, resulting in the need to record additional impairment charges.

Revenue Recognition

We recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services, in accordance with Topic 606.

We adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Revenue amounts presented in our consolidated financial statements are recognized net of sales tax, value-added taxes, and other taxes.

In the normal course of business, we recognize revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials on-line. After a customer contract expires, we record breakage revenue less a reserve for cases where we allow a customer to attend after expiration. We had deferred revenue of $15.8 million and $46.5 million related to contractual commitments with customers where the performance obligation will be satisfied over time, which ranges from one to two years as of December 31, 2020 and 2019, respectively. The revenue associated with these performance obligations is recognized as the obligation is satisfied.

The following table disaggregate our segment revenue by revenue source:

	Years Ended December 31, 2020				Years Ended December 31, 2019			
Revenue Type:	**North America**	**U.K.**	**Other foreign markets**	**Total Consolidated Revenue**	**North America**	**U.K.**	**Other foreign markets**	**Total Consolidated Revenue**
		(In thousands)				**(In thousands)**		
Seminars	18,117	1,058	8,598	27,773	32,714	2,562	8,346	43,622
Products	427	—	—	427	9,404	1,141	3,777	14,322
Coaching and Mentoring	1,059	—	393	1,452	5,564	138	4,465	10,167
Online and Subscription	3,945	—	111	4,056	2,070	6	351	2,427
Other	453	—	—	453	4,675	281	2	4,958
Total revenue	24,001	1,058	9,102	34,161	54,427	4,128	16,941	75,496

Income Taxes

We account for income taxes in conformity with the requirements of ASC 740, *Income Taxes* ("ASC 740"). Per ASC 740, the provision for income taxes is calculated using the asset and liability approach of accounting for income taxes. We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

Accounting for Litigation and Settlements

We are involved in various legal proceedings. Due to their nature, such legal proceedings involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties, and the possibility of governmental intervention. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances as appropriate. While certain of these matters involve substantial amounts, management believes, based on available information, that the ultimate resolution of such legal proceedings will not have a material adverse effect on our financial condition or results of operations.

The critical accounting policies discussed above are not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the U.S., with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

LIQUIDITY AND CAPITAL RESOURCES

Known Trends and Uncertainties

In general, we believe we will experience a decrease in demand for our products and services compared to prior periods as we develop the Homemade Investor with Tarek El Moussa brand. We believe that our products and services appeal to those who seek increased financial freedom. If we experience a prolonged decline in demand for our products and services, it could have a material adverse effect on our future operating results.

Historically, we have funded our working capital and capital expenditures using cash and cash equivalents on hand. However, given our decreased operating cash flows during the past two years combined, it has been necessary for us to manage our cash position to ensure the future viability of our business. Our cash flows are subject to a number of risks and uncertainties, including, but not limited to, earnings, favorable terms from our merchant processors, seasonality, and fluctuations in foreign currency exchange rates.

We continue to take steps to ensure our expenses are in line with our projected cash sales and liquidity requirements for 2021 and based upon current and anticipated levels of operations, we believe cash and cash equivalents on hand will not be sufficient to fund our expected financial obligations and anticipated liquidity requirements for the fiscal year 2021. However, we are exploring alternative sources of capital, but there can be no assurances any such capital will be obtained. For the year ended December 31, 2020, we had an accumulated deficit, a working capital deficit and a negative cash flow from operating activities. These circumstances raise substantial doubt as to our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate profits by expanding current operations as well as reducing our costs and increasing our operating margins, and to sustain adequate working capital to finance our operations. The failure to achieve the necessary levels of profitability and cash flows would be detrimental to us.

The following is a summary of our cash flow activities for the periods stated (in thousands):

	Years Ended December 31,	
	2020	**2019**
Net cash (used in) provided by operating activities	(6,965)	18
Net cash provided by (used in) investing activities	2,891	(35)
Net cash provided by (used in) financing activities	1,400	(7)
Effect of exchange rate differences on cash	(860)	725
Net (decrease) increase in cash and cash equivalents and restricted cash	(3,534)	701

Operating Cash Flows and Liquidity

Net cash used in operating activities was $7.0 million in the year ended December 31, 2020 compared to net cash provided by operating activities of $18.0 thousand in the year ended December 31, 2019, representing a period-over-period decrease of $7.0 million. This decrease was primarily the result of a decrease in current liabilities for deferred revenue.

Investing Cash Flows

Net cash provided by investing activities totaled $2.9 million compared to net cash used in investing activities of $35.0 thousand in the years ended December 31, 2020 and 2019, respectively, representing proceeds on sale of property and equipment, and investment property in the year ended December 31, 2020, and purchases of property and equipment in the year ended December 31, 2019.

Financing Cash Flows

Our consolidated capital structure as of December 31, 2020 was 14% debt and 86% equity. As of December 31, 2019, our consolidated capital structure was 4% debt and 96% equity.

Net cash provided by financing activities totaled $1.4 million during the year ended December 31, 2020, including our net proceeds from borrowings of the Paycheck Protection Program loan. Net cash used in financing activities totaled $7.0 thousand in the year ended December 31, 2019.

We expect that our working capital deficit, which is primarily a result of our significant deferred revenue balance, will continue for the foreseeable future. As of December 31, 2020, and 2019, our consolidated current deferred revenue was $15.8 million and $46.5 million, respectively.

Our cash and cash equivalents were, and continue to be, invested in short-term, liquid, money market funds. Restricted cash balances consisted primarily of funds on deposit with credit card processors and cash collateral with our credit card vendors. Restricted cash balances held by credit card processors are unavailable to us unless we discontinue sale of our products or discontinue the usage of a vendor's credit card. As sales of the products and services related to our domestic business have decreased, our credit card vendors have not returned funds held as collateral, resulting in higher restricted cash balances.

Off-Balance Sheet Arrangements

We are not a party to any material off-balance sheet arrangements as of December 31, 2020.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Legacy Education Alliance, Inc.

Index to Consolidated Financial Statements

Audited Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Legacy Education Alliance, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Legacy Education Alliance, Inc. and its subsidiaries (collectively, the "Company") as of December 31, 2020 and 2019 and the related consolidated statements of operations and comprehensive income, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a net capital deficiency and an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition

Description of the Matter

As disclosed in Note 2 to the financial statements, the Company recognizes revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials online. The Company also recognizes breakage revenue when a customer contract expires less a reserve for cases where customers are allowed to attend after expiration.

We identified the Company's revenue recognition as a critical audit matter. Specifically, the significant judgments made by management in developing its estimate of the reserve for breakage and the timing of when revenue is recognized for each distinct performance obligation required a high degree of effort and auditor judgment.

How We Addressed the Matter in Our Audit

The audit procedures we performed to address this critical audit matter included the following, among others:

- Testing customer contract terms and delivery method of each performance obligation by reviewing a sample of contracts between the Company and its customers.
- Testing the allocation of the contract price to the performance obligations included in selected contracts.
- Obtaining evidence indicating completion of performance obligations for revenue recognition and verifying the timing of revenue recognized over time.
- Evaluating the reasonableness of assumptions and methodology used by management in determining its estimate of the reserve for breakage.

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company's auditor since 2014.
Houston, Texas
April 9, 2021

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

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,514	$ 3,839
Restricted cash	1,180	2,389
Deferred course expenses	1,973	6,805
Prepaid expenses and other current assets	1,578	2,074
Inventory	10	47
Total current assets	6,255	15,154
Property and equipment, net	4	1,382
Right-of-use assets	45	122
Deferred tax asset, net	—	287
Other assets	40	413
Total assets	$ 6,344	$ 17,358
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 2,852	$ 2,311
Royalties payable	113	150
Accrued course expenses	277	576
Accrued salaries, wages and benefits	73	459
Operating lease liability, current portion	25	86
Other accrued expenses	4,931	1,660
Short-term borrowings and current portion of long-term debt	—	500
Deferred revenue	15,795	46,453
Discontinued operations-current liabilities	3,740	4,499
Total current liabilities	27,806	56,694
Long-term debt, net of current portion	1,900	—
Deferred tax liability, net	134	—
Other long-term liability	120	—
Operating lease liability, net of current portion	20	27
Total liabilities	29,980	56,721
Commitments and contingencies (Note 15)		
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; 23,279,197 and 23,162,502 shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively	2	2
Additional paid-in capital	11,564	11,552
Cumulative foreign currency translation adjustment	416	710
Accumulated deficit	(35,618)	(51,627)
Total stockholders' deficit	(23,636)	(39,363)
Total liabilities and stockholders' deficit	$ 6,344	$ 17,358

See Notes to Consolidated Financial Statements

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

	Years Ended December 31, 2020	Years Ended December 31, 2019
Revenue	$ 34,161	$ 75,496
Operating costs and expenses:		
Direct course expenses	7,913	39,854
Advertising and sales expenses	2,210	16,762
Royalty expenses	44	3,458
General and administrative expenses	5,460	13,778
Total operating costs and expenses	15,627	73,852
Income from operations	18,534	1,644
Other income (expense):		
Interest expense, net	(210)	(93)
Other income, net	1,643	533
Total other income, net	1,433	440
Income from continuing operations before income taxes	19,967	2,084
Income tax (expense) benefit	(3,958)	1,257
Net income from continuing operations	16,009	3,341
Gain on disposal of discontinued operations net assets	—	8,300
Loss from discontinued operations	—	(1,691)
Net income from discontinued operations	—	6,609
Net income	$ 16,009	$ 9,950
Basic earnings per common share - continuing operations	$ 0.69	$ 0.14
Basic earnings per common share - discontinued operations	—	0.29
Basic earnings per common share	$ 0.69	$ 0.43
Diluted earnings per common share - continuing operations	$ 0.68	$ 0.14
Diluted earnings per common share - discontinued operations	—	0.28
Diluted earnings per common share	$ 0.68	$ 0.42
Basic weighted average common shares outstanding	23,076	22,716
Diluted weighted average common shares outstanding	23,230	23,141
Comprehensive income:		
Net income	$ 16,009	$ 9,950
Foreign currency translation adjustments, net of tax of $0	(294)	(734)
Total comprehensive income	$ 15,715	$ 9,216

See Notes to Consolidated Financial Statements

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

	Common stock Shares	Common stock Amount	Additional paid-in capital	Cumulative foreign currency translation adjustment	Accumulated deficit	Total stockholders' deficit
Balance at December 31, 2018	23,121	$ 2	$ 11,470	$ 1,444	$ (61,577)	$ (48,661)
Share-based compensation expense	—	—	82	—	—	82
Cancellation of common stock	(13)	—	—	—	—	—
Issuance of common stock	55	—	—	—	—	—
Foreign currency translation adjustment, net of tax of $0	—	—	—	(734)	—	(734)
Net Income	—	—	—	—	9,950	9,950
Balance at December 31, 2019	23,163	$ 2	$ 11,552	$ 710	$ (51,627)	$ (39,363)

	Common stock Shares	Common stock Amount	Additional paid-in capital	Cumulative foreign currency translation adjustment	Accumulated deficit	Total stockholders' deficit
Balance at December 31, 2019	23,163	$ 2	$ 11,552	$ 710	$ (51,627)	$ (39,363)

Share-based compensation expense	—	—	23	—	—	23
Cancellation of common stock	(64)	—	(11)	—	—	(11)
Issuance of common stock	180	—	—	—	—	—
Foreign currency translation adjustment, net of tax of $0	—	—	—	(294)	—	(294)
Net Income	—	—	—	—	16,009	16,009
Balance at December 31, 2020	23,279	$ 2	$ 11,564	$ 416	$ (35,618)	$ (23,636)

See Notes to Consolidated Financial Statements

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

	Years Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 16,009	$ 9,950
Less net loss from discontinued operations	—	6,609
Net income from continuing operations	$ 16,009	$ 3,341
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	69	162
Non-cash lease expense	45	60
Gain on the sale of fixed assets and investment property	(1,735)	(41)
Share-based compensation	23	82
Cancellation of common stock	(11)	—
Deferred income taxes	418	(1,512)
Changes in operating assets and liabilities:		
Deferred course expenses	4,941	(29)
Prepaid expenses and other receivable	710	921
Inventory	37	8
Other assets	49	(725)
Accounts payable-trade	589	(377)
Royalties payable	(29)	(61)
Accrued course expenses	(290)	(530)
Accrued salaries, wages and benefits	(386)	(121)
Operating lease liability	(41)	(61)
Other accrued expenses	4,157	(2,395)
Deferred revenue	(31,520)	1,646
Net cash (used in) provided by operating activities - continuing operations	(6,965)	368
Net cash used in operating activities - discontinued operations	—	(350)
Net cash (used in) provided by operating activities	(6,965)	18
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	—	(192)
Proceeds from sale of investment property	391	—
Proceeds from sale of property and equipment	2,500	165
Net cash provided by investing activities - continuing operations	2,891	(27)
Net cash used in investing activities - discontinued operations	—	(8)
Net cash provided by (used in) investing activities	2,891	(35)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(1,500)	(402)
Proceeds from issuance of debt	2,900	395
Net cash provided by (used in) financing activities - continuing operations	1,400	(7)
Net cash provided by financing activities - discontinued operations	—	—
Net cash provided by (used in) financing activities	1,400	(7)
Effect of exchange rate differences on cash	(860)	725
Net (decrease) increase in cash and cash equivalents and restricted cash	(3,534)	701
Cash and cash equivalents and restricted cash, beginning of period	$ 6,228	$ 5,527
Cash and cash equivalents and restricted cash, end of period	$ 2,694	$ 6,228
Supplemental disclosures:		
Cash paid during the period for interest	$ 214	$ 96
Cash paid during the period for income taxes, net of refunds received	$ —	$ 15
Supplemental non-cash disclosures:		
Supplemental non-cash amounts of lease liabilities arising from (decrease of lease liability due to cancellation of leases)/obtaining right-of-use assets	$ (31)	$ 176
Non-cash disposal of property	$ (363)	$ —

See Notes to Consolidated Financial Statements

Note 1—Business Description and Basis of Presentation

Business Description. We are a 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. Our programs are offered through a variety of formats and channels, including free workshops, basic trainings, forums, telephone mentoring, one-on-one mentoring, coaching and e-learning. During the year ended December 31, 2020, we marketed our products and services under two brands: *Building Wealth with Legacy™*; and *Homemade Investor by Tarek El Moussa.* During the year ended December 31, 2019, we marketed our products and services under two brands: *Rich Dad Education*™ and *Legacy Education*™.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to four days in length, on site or remotely, although we have suspended providing on-site mentorships as a result of the COVID-19 pandemic) and telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

We were founded in 1996, and through a reverse merger, became a publicly-held company in November 2014. Today we are a global company that has cumulatively served more than two million students from more than 150 countries and territories over the course of our operating history.

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. As a result of the COVID-19 coronavirus pandemic, and the resulting worldwide restrictions on travel and social distancing, we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed online operations in July 2020, and live operations in November 2020. The Company expects to conduct additional live events as lockdown restrictions continue to ease and hopes to return to a normal schedule over the coming months. The Company will continue following strict safety protocols at the live events. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance. We are not able to fully quantify the impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2021 and beyond.

Our operations are managed through three operating segments: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets.

Since December 31, 2019, we have operated under two brands:

- *Building Wealth with Legacy ™*: provides practical, high-quality and value-based educational training on the topics of personal finance, entrepreneurship, real estate, financial markets and investing strategies and techniques. This training program encompasses hands-on experience and the true spirit of investing from beginner to educated investor. In response to the limitations on travel and the social distancing protocols arising out of the Coronavirus pandemic, the Company began marketing its *Legacy Education*™ products transitioning to brand name *Building Wealth with Legacy*™.
- *Homemade Investor by Tarek El Moussa™* introduces people to the investor mindset, real estate investing strategies, and ways to generate cash flow that are designed to help build a foundation of knowledge for their financial goals. Homemade Investor events offered nationwide free workshops, 3-day trainings and large stage events with Tarek presenting as the keynote speaker, all selling into our advanced training products.

Merger. On November 10, 2014, we entered into an Agreement and Plan of Merger dated as of such date (the "Merger Agreement") by and among (i) PRCD, a Nevada corporation, (ii) Priced In Corp. Subsidiary, a Colorado corporation and a wholly-owned subsidiary of PRCD ("PRCD Sub"), (iii) Tigrent Inc., a Colorado corporation ("TIGE"), and (iv) Legacy Education Alliance Holdings, Inc., a Colorado corporation and a wholly-owned subsidiary of TIGE ("Legacy Holdings"). On November 10, 2014, pursuant to the Merger Agreement, PRCD Sub merged with and into Legacy Holdings (the "Merger"), with Legacy Holdings surviving the Merger and becoming our wholly owned subsidiary and we acquired the business of Legacy Holdings.

Basis of Presentation. The terms "Legacy Education Alliance, Inc.," the "Company," "we," "our," "us" or "Legacy" as used in this report refer collectively to Legacy Education Alliance, Inc., a Nevada corporation ("Legacy"), the registrant, which was formerly known as Priced In Corp., and, unless the context otherwise requires, together with its wholly-owned subsidiary, Legacy Education Alliance Holdings, Inc., a Colorado corporation, other operating subsidiaries and any predecessor of Legacy Education Alliance Holdings, including Tigrent Inc., a Colorado corporation. All intercompany balances and transactions have been eliminated in consolidation. As discussed in Note 4 "*Discontinued Operations*", the sale of Legacy Education Alliance International Ltd (Legacy UK) assets and deferred revenue is reflected as a discontinued operation in the consolidated financial statements.

Reclassification. We have reclassified certain amounts in our prior-period financial statements to conform to the current period's presentation.

Note 2—Significant Accounting Policies

Going Concern. The accompanying consolidated financial statements and notes have been prepared assuming we will continue as a going concern. For the years ended December 31, 2020 and December 31, 2019, respectively, we had an accumulated deficit and a working capital deficit. These circumstances raise substantial doubt as to our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate profits by expanding current operations as well as reducing our costs and increasing our operating margins, and to sustain adequate working capital to finance our operations. The failure to achieve the necessary levels of profitability and cash flows would be detrimental to us. The consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Use of Estimates. Conformity with GAAP requires the use of estimates and judgments that affect the reported amounts in our consolidated financial statements and accompanying notes. These estimates form the basis for judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical information and on various other assumptions that we believe are reasonable under the circumstances. GAAP requires us to make estimates and judgments in several areas, including, but not limited to, those related to deferred revenues, reserve for breakage, deferred costs, revenue recognition, commitments and contingencies, fair value of financial instruments, useful lives of property and equipment, right-of-use assets, and income taxes. These estimates are based on management's knowledge about current events and expectations about actions we may undertake in the future. Actual results could differ materially from those estimates.

Cash and cash equivalents. We consider all highly liquid instruments with an original maturity of three months or less to be cash or cash equivalents. We continually monitor and evaluate our investment positions and the creditworthiness of the financial institutions with which we invest and maintain deposit accounts. When appropriate, we utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. A CDAR consists of numerous individual investments, all below the FDIC limits, thus fully insuring that portion of our cash. At December 31, 2020 and 2019, we did not have a CDAR balance.

Restricted cash. Restricted cash balances consist primarily of funds on deposit with credit card and other payment processors. These balances do not have the benefit of federal deposit insurance and are subject to the financial risk of the parties holding these funds. Restricted cash balances held by credit card processors are unavailable to us unless, and for a period of time after, we discontinue the use of their services. Because a portion of these funds can be accessed and converted to unrestricted cash in less than one year in certain circumstances, that portion is considered a current asset. Restricted cash is included with cash and cash equivalents in our consolidated statements of cash flows.

Deposits with credit card processors. The deposits with our credit card processors are held due to arrangements under which our credit card processors withhold credit card funds to cover charge backs in the event we are unable to honor our commitments. These deposits are included in restricted cash on our consolidated balance sheet.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts in the consolidated cash flow statements:

(in thousands)	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 1,514	$ 3,839
Restricted cash	1,180	2,389
Total cash, cash equivalents, and restricted cash shown in the cash flow statement	$ 2,694	$ 6,228

Financial Instruments. Financial instruments consist primarily of cash and cash equivalents, accounts payable, deferred course expenses, accrued expenses, deferred revenue, and debt. U.S. GAAP requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the balance sheets. Management believes the carrying value of the other financial instruments recognized on the consolidated balance sheets (including receivables, payables and accrued liabilities) approximate their fair value due to length of maturity of these instruments, the majority of which is short-term. The carrying value of long-term debt approximates fair value since the related rates of interest approximate current market rates.

Inventory. Inventory consists primarily of books, videos and training materials held for sale to students enrolled in our training programs. Inventory is stated at the lower of cost or market using the first-in, first-out method.

Property, equipment and Impairment of long-lived assets. Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as presented in the following table:

Building	40 years
Residential rental properties	27.5 years
Furniture, fixtures and equipment	3-7 years
Purchased software	3 years

Residential rental properties generate monthly income from individual tenants. Income from these properties is recognized and included in other income.

Leasehold improvements are amortized over the shorter of the estimated useful asset life or the remaining term of the applicable lease.

In accordance with U.S. GAAP, we evaluate the carrying amount of our long-lived assets such as property and equipment, and finite-lived intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by the comparison of its carrying amount with the future net cash flows the asset is expected to generate. We look primarily to the undiscounted future cash flows in the assessment of whether or not long-lived assets have been impaired. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

Other assets included our residential investment property. On January 17, 2020, we sold this property for $390.6 thousand and recognized a gain of $33.1 thousand, within Other income in the Consolidated Statements of Operations and Comprehensive Income. The proceeds were held in escrow until December 8, 2020, when they used to pay the joint liquidators of LEA UK as payment of intercompany debts (see *"Litigation"* on Note 15 *"Commitments and Contingencies"*).

Revenue recognition.

We recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services, in accordance with Topic 606.

Revenue amounts presented in our consolidated financial statements are recognized net of sales tax, value-added taxes, and other taxes.

In the normal course of business, we recognize revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials on-line. After a customer contract expires, we record breakage revenue less a reserve for cases where we allow a customer to attend after expiration. We had deferred revenue of $15.8 million and $46.5 million related to contractual commitments with customers where the performance obligation will be satisfied over time, which ranges from one to two years as of December 31, 2020 and 2019, respectively. The revenue associated with these performance obligations is recognized as the obligation is satisfied.

The following tables disaggregate our segment revenue by revenue source:

Revenue Type:	Years Ended December 31, 2020 North America	U.K.	Other foreign markets	Total Consolidated Revenue	Years Ended December 31, 2019 North America	U.K.	Other foreign markets	Total Consolidated Revenue
	(In thousands)				(In thousands)			
Seminars	18,117	1,058	8,598	27,773	32,714	2,562	8,346	43,622
Products	427	—	—	427	9,404	1,141	3,777	14,322
Coaching and Mentoring	1,059	—	393	1,452	5,564	138	4,465	10,167
Online and Subscription	3,945	—	111	4,056	2,070	6	351	2,427
Other	453	—	—	453	4,675	281	2	4,958
Total revenue	24,001	1,058	9,102	34,161	54,427	4,128	16,941	75,496

Deferred course expenses. We defer licensing fees and commissions and fees paid to our speakers and telemarketers until such time as the revenue is earned. Our speakers, who are all independent contractors, earn commissions on the cash receipts received at our training events and are paid approximately 45 days after the training event. The deferred course expenses are expensed as the corresponding deferred revenue is recognized. We also capitalize the commissions and fees paid to our speakers and expense them as the corresponding deferred revenue is recognized.

Advertising expenses. We expense advertising as incurred. Advertising paid in advance is recorded as a prepaid expense until such time as the advertisement is published.

Income taxes. We account for income taxes in conformity with the requirements of ASC 740, *Income Taxes* ("ASC 740"). Per ASC 740, the provision for income taxes is calculated using the asset and liability approach of accounting for income taxes. We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, disclosures and transition.

Foreign currency translation. We account for foreign currency translation in accordance with ASC 830, *Foreign Currency Translation*. The functional currencies of our foreign operations are the reported local currencies. Translation adjustments result from translating our foreign subsidiaries' financial statements into United States dollars. The balance sheet accounts of our foreign subsidiaries are translated into United States dollars using the exchange rate in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates for each month during the fiscal year. The resulting translation gains or losses are recorded as a component of accumulated other comprehensive income in stockholders' deficit. Business is generally transacted in a single currency not requiring meaningful currency transaction costs. We do not practice hedging as the risks do not warrant the costs.

Share-based compensation. We account for share-based awards under the provisions of ASC 718, "*Compensation—Stock Compensation*." Accordingly, share-based compensation cost is measured at the grant date based on the fair value of the award and we expense these costs using the straight-line method over the requisite service period. See Note 7 "*Share-Based Compensation*", for additional disclosures regarding our share-based compensation.

Comprehensive income. Comprehensive income includes changes to equity accounts that were not the result of transactions with stockholders. Comprehensive income is comprised of net income and other comprehensive income items. Our comprehensive income generally consists of changes in the cumulative foreign currency translation adjustment.

Discontinued operations. ASC 205-20-45, *"Presentation of Financial Statements Discontinued Operations"* requires discontinued operations to be reported if the disposal of a business component represents a strategic shift that has a major effect on an entity's operations and financial reports. We have determined that the sale of Legacy UK meets this criterion. Accordingly, the assets, deferred revenues, and income statement of Legacy UK were transferred to discontinued operations to close out the business. See Note 4 "*Discontinued Operations*", for additional disclosures regarding Legacy UK.

New Accounting Pronouncements

We have implemented all new accounting pronouncements that are in effect and that management believes would materially affect our financial statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The amendments provide optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The application of this guidance will not have a material impact on our financial statements.

In 2019, the FASB issued ASU No. 2019-12, "Income Taxes: Simplifying the Accounting for Income Taxes." This standard simplifies the accounting and disclosure requirements for income taxes by clarifying existing guidance to improve consistency in application of ASC 740. This standard also removed the requirement to calculate income tax expense for the stand-alone financial statements of wholly owned subsidiaries. The guidance will be effective for fiscal years and interim periods beginning after December 15, 2020. Different components of the guidance require retrospective, modified retrospective or prospective adoption, and early adoption is permitted. We will adopt this guidance when it becomes effective, in the first quarter of 2021, and the impact on our financial statements is not expected to be material.

Note 3—Concentration Risk

Cash and Cash Equivalents

We maintain deposits in banks which may exceed the federal deposit insurance available. Management believes the potential risk of loss on these cash and cash equivalents to be minimal. All cash balances as of December 31, 2020 and 2019, including foreign subsidiaries, without FDIC coverage was $0.8 million and $2.5 million, respectively.

Revenue

A significant portion of our revenue was derived from the Rich Dad brands. For the years ended December 31, 2020 and 2019, Rich Dad brands provided 77.4% and 84.6%, respectively, of our revenue. In addition, we have operations in North America, United Kingdom and Other foreign markets (See Note 14 "*Segment Information*").

The License Agreement with Rich Dad Operating Company, LLC pursuant to which we licensed the Rich Dad Education brand expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the Agreement.

Note 4—Discontinued Operations

On October 28, 2019, four creditors of Legacy Education Alliance International Ltd. ("Legacy UK"), one of our UK subsidiaries, obtained an order from the High Court of Justice, Business and Property Courts of England and Wales (the "English Court") with respect to the business and affairs of Legacy UK. Pursuant to the Administration Order of November 15, 2019, from the English Court, the two individuals appointed as administrators engaged a third-party to market Legacy UK's business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK's assets and deferred revenues sold for £300 thousand (British pounds) to Mayflower Alliance LTD. We will not receive any proceeds from the sale of Legacy UK. Further details, including the resolution of claims and liabilities, and other information regarding the administration may not be forthcoming for several months. The impact of this transaction is reflected as a discontinued operation in the condensed consolidated financial statements.

The major classes of assets and liabilities of Legacy UK were as follows:

(in thousands)	December 31, 2020	December 31, 2019
Major classes of liabilities		
Accounts payable	$ 2,608	$ 3,408
Accrued course expenses	593	472
Other accrued expenses	539	619
Total major classes of liabilities - discontinued operations	$ 3,740	$ 4,499

The financial results of the discontinued operations are as follows:

(in thousands)	Years Ended December 31, 2020	2019
Revenue	$ —	$ 14,315
Total operating costs and expenses	—	15,647
Loss from discontinued operations	—	(1,332)
Interest income (expense)	—	(359)
Other expense, net	—	8,300
Net loss from discontinued operations	$ —	$ 6,609

Note 5—Property and Equipment

Property and equipment consists of the following (in thousands):

	As of December 31, 2020	2019
Land	$ —	$ 782
Building and residential properties	—	1,168
Software	—	2,607
Equipment	234	1,697
Furniture and fixtures	—	305
Building and leasehold improvements	—	1,241
Property and equipment	234	7,800
Less: accumulated depreciation	(230)	(6,418)
Property and equipment, net	$ 4	$ 1,382

On October 1, 2020, we sold the real property and improvements located at 1612 E. Cape Coral Parkway, Cape Coral, Florida for $2.5 million to Daniel Thom, as Trustee of Torstonbo Trust, a Florida revocable trust. The $1.54 million gain from the sale of the building is included in other income in the Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2020. The Property served as our headquarters until its sale date.

On December 8, 2020, we transferred our residential properties to the joint administrators of LEA UK (see *"Litigation"* on Note 15 *"Commitments and Contingencies"*) as payment of intercompany debts. The transferred value of the properties was £291 thousand ($363 thousand). We recorded a gain of £96 thousand ($126 thousand) in other income in the Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2020.

In addition to the sale of our headquarters and the disposal of our residential properties, during the year ended December 31, 2020, we disposed of all of our fully depreciated other property and equipment, and fully amortized software and other intangibles.

Depreciation expense on property and equipment in each of the years ended December 31, 2020 and 2019 was approximately $0.1 million.

Note 6—Short-Term and Long-Term Debt

Short-term and long-term debt consists of the following (in thousands):

(in thousands)	As of December 31, 2020	As of December 31, 2019
Promissory notes	$ —	$ 500
Paycheck Protection Program loan	1,900	—
Total debt	1,900	500
Less current portion of long-term debt	—	(500)
Total long-term debt, net of current portion	$ 1,900	$ —

The following is a summary of scheduled debt maturities by year (in thousands):

2020	$ —
2021	—
2022	1,900
Total debt	$ 1,900

On September 13, 2018, we entered into a Promissory Note and Mortgage and Security Agreement pursuant to which we borrowed the principal amount of $500 thousand from USA ReGrowth Fund LLC. At closing, we received $459,269 in net proceeds after closing costs and other fees and costs. The Promissory Note, repayment of which was initially due on March 13, 2019, was issued in an aggregate principal amount of $500 thousand and bore interest at a fixed rate of 12% per annum during the initial 120 days of the term of the Promissory Note, and a fixed rate of 30% per annum until all amounts due under the Promissory Note are paid in full. Pursuant to the Mortgage and Security Agreement, repayment of the Promissory Note is secured by a first mortgage on the property located at 1612 East Cape Coral Parkway, Cape Coral, FL 33904 (“Corporate HQ”). On March 8, 2019, we executed an extension of the maturity date to September 13, 2019. During the initial 120 days of the extension period, the Promissory Note bore interest at a fixed rate of 12% per annum and a fixed rate of 30% per annum thereafter until all amounts due thereunder are paid. On September 13, 2019, we executed a second extension of the maturity date to March 13, 2020. During the initial 120 days of the second extension period, the Promissory Note bears a fixed rate of 12% per annum and a fixed rate of 30% per annum thereafter until all amounts due thereunder are paid. The extension matured on March 13, 2020, though the lender agreed to extend the maturity date until a new Promissory Note with a different lender was obtained on August 6, 2020, on which date the outstanding principal balance and interests were paid in full. The new Promissory Note was issued in the amount of $1.0 million, net proceeds were $396.7 thousand after closing costs and after paying off the outstanding principal in the amount of $500 thousand, plus accrued interest, under a Promissory Note held by USA Regrowth Fund LLC, and bore interest at a fixed rate of 12% per annum and was initially due on August 6, 2021. The new Promissory Note was fully paid off on October 1, 2020, with the proceeds on sale of the real property and improvements located at 1612 E. Cape Coral Parkway, Cape Coral, Florida for $2.5 million. The Seller’s obligations under the Loan Documents were secured by a first mortgage on the Property. The net proceeds realized by the Seller from the sale of the Property were $1.24 million after deductions for repayment of the Note, broker commissions, and other fees, and costs.

On April 27, 2020, Elite Legacy Education, Inc., a subsidiary of the Company, entered into a Promissory Note in favor of Pacific Premier Bank, the lender, through the Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) established pursuant to the CARES Act. The unsecured loan (the “PPP Loan”) proceeds were in the amount of $1,899,832, matures on April 24, 2022, bears interest at a fixed rate of 1% per annum, and is payable in 17 equal monthly payments of interest only and a final payment of the full principal plus interest for one month. Under the terms of the CARES Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility costs and the maintenance of employee and compensation levels. The Company used a significant portion of the PPP Loan proceeds for qualifying expenses, but no assurance is provided that the Company will obtain forgiveness of the PPP Loan in whole or in part.

Note 7— Share-Based Compensation

The 2015 Incentive Plan, our equity plan, was approved by the stockholders at our annual meeting of stockholders on July 16, 2015. The 2015 Incentive Plan reserves 5,000,000 shares of our Common Stock for stock options, restricted stock, and a variety of other types of equity awards. We believe that long-term incentive compensation programs align the interests of management, employees and the stockholders to create long-term stockholder value. We believe that equity-based incentive compensation plans, such as the Incentive Plan, increase our ability to achieve this objective, and, by allowing for several different forms of long-term equity based incentive awards, help us to recruit, reward, motivate and retain talented employees and other service providers. The text of the 2015 Incentive Plan is included in the attachment marked as Appendix B to our Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on June 16, 2015.

During the year ended December 31, 2020, pursuant to the 2015 Incentive Plan, we awarded 80,000 shares of restricted stock to the independent members of the Board of Directors, which are subject to a two-year cliff vesting. The grant date price per share was $0.10 for a total grant date fair value of $8.0 thousand. We also granted 100,000 shares of restricted stock to an external consultant, which were fully vested at a grant date. The grant date price per share was $0.07 for a total grant date fair value of $7.0 thousand.

During the year ended December 31, 2019, pursuant to the 2015 Incentive Plan, we awarded 34,650 shares of restricted stock to the independent members of the Board of Directors, which are subject to a two-year cliff vesting. The grant date price per share was $0.20 for a total grant date fair value of $7.0 thousand. We also granted 20,000 shares of restricted stock to Senior Management, which were fully vested at a grant date. The grant date price per share was $0.18 for a total grant date fair value of $3.6 thousand.

The following table reflects the activity of the restricted shares:

Restricted Stock Activity (in thousands)	Number of shares		Weighted average grant date value
Unvested at December 31, 2018	869	$	0.04
Granted	55		0.19
Forfeited	(13)		0.54
Vested	(455)		0.36
Unvested at December 31, 2019	456	$	0.25
Granted	180		0.08
Forfeited	(64)		0.28
Vested	(480)		0.20
Unvested at December 31, 2020	92	$	0.11

Compensation Expense and Related Valuation Techniques

We account for share-based awards under the provisions of ASC 718, *"Share-Based Payment,"* which established the accounting for share-based awards exchanged for employee and non-employee services. Accordingly, share-based compensation cost is measured at the grant date based on the fair value of the award and we expense these costs using the straight-line method over the requisite service period. Unrecognized compensation expense associated with unvested share-based awards, consisting entirely of unvested restricted stock, was $10 thousand and $21 thousand at December 31, 2020 and 2019, respectively. This cost is expected to be recognized over a weighted-average period of 1.8 years.

Our stock-based compensation expense was $23 thousand and $82 thousand in the years ended December 31, 2020 and 2019, respectively, and is included in general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income. There were no related income tax effects in either year.

Note 8—Employee Benefit Plan

We have a 401(k) employee savings plan for eligible employees that provides for a matching contribution from us, determined each year at our discretion. We provided for a matching contribution of $0.1 million and $0.2 million during the years ended December 31, 2020 and 2019, respectively.

Note 9—Income Taxes

We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of the deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

Our sources of income (loss) and income tax provision (benefit) are as follows (in thousands):

	Years ended December 31,			
		2020		2019
Income/(loss) from continuing operations before income taxes:				
U.S.	$	12,367	$	4,271
Non-U.S.		7,600		(2,187)
Total income/(loss) from continuing operations before income taxes:	$	19,967	$	2,084
Provision (benefit) for taxes:				
Current:				
Federal	$	2,037	$	143
State		347		38
Non-U.S.		1,156		83
Total current		3,540		264
Deferred:				
Federal		126		—
State		5		—
Non-U.S.		287		(190)
Total deferred		418		(190)
Noncurrent				
Federal		—		(1,331)
State		—		—
Non-U.S.		—		—
Total noncurrent		—		(1,331)
Total income tax expense (benefit)	$	3,958	$	(1,257)
Effective income tax rate		19.8%		(60.3)%

The difference between the tax provision at the statutory federal income tax rate and the tax provision attributable to income (loss) from continuing operations before income taxes is as follows (in thousands):

	Years ended December 31,			
		2020		2019
Computed expected federal tax expense	$	4,235	$	438
Decrease in valuation allowance		(1,098)		(546)
State income net of federal expense		278		242
Non-U.S. income taxed at different rates		234		(62)
Unrecognized tax expense (benefit)		309		(1,331)

Other	—	2
Income tax expense (benefit)	$ 3,958	$ (1,257)

We recorded income tax expense of $3.9 million and income tax benefit of $1.3 million for the years ended December 31, 2020 and 2019, respectively, a $2.7 million increase in income tax expense.

We do not expect to repatriate earnings from its foreign subsidiaries because the cumulative earnings and profits of the foreign subsidiaries as of December 31, 2020 and 2019 are negative. Accordingly, no U.S. federal or state income taxes have been provided thereon.

Deferred income tax assets and liabilities reflect the net tax effects of (i) temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes and (ii) operating loss carryforwards. The tax effects of significant components of our deferred tax assets and liabilities are as follows (in thousands):

	As of December 31,	
	2020	2019
Deferred tax assets:		
Net operating losses	$ 3,648	$ 5,688
Accrued compensation, bonuses, severance	—	121
Depreciation	(1)	269
Valuation allowance	(3,622)	(4,736)
Total deferred tax assets	$ 25	$ 1,342
Deferred tax liabilities:		
Deferred course expenses	$ (159)	$ (1,055)
Depreciation		—
Total deferred tax liabilities	(159)	(1,055)
Net deferred tax (liability) asset	$ (134)	$ 287

We have retained a full valuation allowances of $3.6 million against the deferred tax assets of our Australian, Canadian, U.K., Hong Kong, and South Africa subsidiaries as of December 31, 2020. We have retained full valuation allowances of $4.7 million against the deferred tax assets of our United States, Australian, Canadian, U.K. (excluding Elite Legacy Education UK), Hong Kong, and South Africa subsidiaries as of December 31, 2019. The most significant negative factor that was considered in determining whether a valuation allowance was required is a cumulative recent history of losses in all jurisdictions for the entities mentioned above.

We had zero balance of federal net operating loss carryforwards as of December 31, 2020. As of December 31, 2019, we had approximately $4.8 million of federal net operating loss carryforwards. As of December 31, 2020, and 2019, we had approximately $16.5 million and $19.7 million of foreign net operating loss carryforwards, respectively, and approximately $0.3 million and $8.9 million of state net operating loss carryforwards, respectively. The foreign loss carryforwards begin to expire in 2027 and the state net operating loss carryforwards begin to expire in 2038.

Our federal income tax returns for the years after 2017 are subject to examination by the Internal Revenue Service. Our state tax returns for all years after 2017 or 2016, depending on each state's jurisdiction, are subject to examination. In addition, our Canadian tax returns and United Kingdom tax returns for all years after 2013 are subject to examination.

The liability pertaining to uncertain tax positions was $0.3 million at December 31, 2020 and 2019. In accordance with GAAP, we recorded expense that increased the total liability pertaining to uncertain tax positions which was more than offset by a decrease in the total liability attributable to foreign currency fluctuations and tax rate adjustments. A significant portion of the liability pertaining to uncertain tax positions is recorded as a reduction of the value of net operating loss carryovers.

We include interest and penalties in the liability for uncertain tax positions. Accrued interest and penalties on uncertain tax positions were approximately $0.04 million at December 31, 2020 and 2019, for each year, and is included in other liabilities in the accompanying Consolidated Balance Sheets. If applicable, we recognize interest and penalties related to uncertain tax positions as tax expense.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits:

	As of December 31,	
	2020	2019
Unrecognized tax benefits - January 1	$ 309	$ 1,640
Gross increases - tax positions in prior period	—	—
Gross decreases - tax positions in prior period	—	(1,331)
Unrecognized tax benefits - December 31	$ 309	$ 309

The total liability for unrecognized tax benefits at December 31, 2019, is netted against deferred tax assets related to net operating loss carryforwards in the Consolidated Balance Sheets. The total liability for unrecognized tax benefits at December 31, 2020 and 2019, are as follows:

	As of December 31,	
	2020	2019
Reduction of net operating loss carryforwards	$ —	309
Noncurrent tax liability (reflected in Other long-term liabilities)	309	—
Total liability for unrecognized tax benefits	$ 309	$ 309

We do not expect any significant changes to unrecognized tax benefits in the next year. We estimate $0.3 million of the unrecognized tax benefits, if recognized, would impact the effective tax rate at December 31, 2020 and 2019.

Note 10—Certain Relationships and Related Transactions

Licensing Agreements with the T&B Seminars, Inc

On December 23, 2019, we entered into an agreement with T&B Seminars Inc. to develop and operate a seminar style education business (subsequently branded *Homemade Investor by Tarek El Moussa*) ("Development Agreement") that will use, among other things, the names, images, and likenesses of Tarek El Moussa to market and sell customers real estate investing oriented education products. T&B granted us a sole and exclusive worldwide license to certain intellectual property, including, certain trademarks and copyrights and the name, image and likeness of Tarek El Moussa, in each case to the extent necessary for us to develop and create educational materials and promote and conduct a branded real estate seminar style education business.

As consideration for the licensed rights under the Development Agreement, Holdings agreed to pay T&B base royalty percentages on cash sales of products to persons responding to a branded marketing campaign that uses the licensed intellectual property. Also, as consideration for Tarek El Moussa providing certain marketing support, Holdings agreed to pay T&B marketing royalty percentages on cash sales of products at live events and at online webinars to persons responding to a branded marketing campaign that uses the licensed intellectual property. Furthermore, as consideration for the exclusivity of the rights under the Development Agreement, commencing on the seventh month of the term of the Development Agreement, Holdings agreed that the monthly royalties paid to T&B will not be less than an agreed to amount.

The Development Agreement has an initial term of five years and will automatically renew thereafter for successive five-year terms unless either party provides prior written notice of termination no less than 90 days prior to the end of such five-year term.

Licensing Agreements with the Rich Dad Parties

Through September 30, 2019, our business relied primarily on our license of the Rich Dad brand and related marks and intellectual property. The following transactions summarize our license to use the Rich Dad trademarks, trade names and other business information worldwide (the "Rich Dad Intellectual Property Rights"):

Effective September 1, 2013, we entered into licensing and related agreements with Rich Dad Operating Company, LLC ("RDOC") (collectively, the "2013 License Agreement") that replaced the 2010 License Agreement. Compared to the 2010 License Agreement, the 2013 License Agreement broadened the field of permitted use to include real estate investing, business strategies, stock market investment techniques, stock/paper assets, cash management, asset protection, entrepreneurship and other financially-oriented subjects. The 2013 License Agreement also (i) reduced the royalty rate payable to RDOC compared to the 2010 Rich Dad License Agreement; (ii) broadened the Company's exclusivity rights to include education seminars delivered in any medium; (iii) eliminated the cash collateral requirements and related financial covenants contained in the 2010 License Agreement; (iv) continued our right to pay royalties via a promissory note that is convertible to preferred shares upon the occurrence of a Change in Control (as defined in the 2013 License Agreement); (v) eliminated approximately $1.6 million in debt from our consolidated balance sheet as a result of debt forgiveness provided for in the agreement terminating the 2010 License Agreement; and (vi) converted another approximately $4.6 million in debt to 1,549,882 shares of our Common Stock.

On April 22, 2014, we entered into an agreement with RDOC (the "2014 Amendment") to, among other things, amend the 2013 License Agreement to halve the royalty payable by us to RDOC to 2.5% for the whole of 2014, (ii) cancel approximately $1.3 million in debt owed by us to RDOC, (iii) reimburse us for certain legal expenses, and (iv) cancel RDOC's right to appoint one member of our Board of Directors.

The 2013 License Agreement and the 2014 Amendment were assigned to our wholly-owned subsidiary, Legacy Education Alliance Holdings, Inc. on September 10, 2014.

On January 25, 2018, we entered into a Second Amendment with RDOC (the "Second Amendment") that amends certain terms of the 2013 License Agreement and extends the term of the 2013 License Agreement to September 1, 2019. (See the Form 8-K filed on January 29, 2018 for further discussion.)

On August 16, 2019, we entered into an amendment to the License Agreement that extended the term of the License Agreement through September 30, 2019. On September 16, 2019, we received notice from Rich Dad Operating Company, LLC ("RDOC"), indicating that RDOC did not intend to extend the term of the September 1, 2013, Rich Dad Operating License Agreement (as amended, the "License Agreement") by and between the Company and RDOC. Therefore, the term of the License Agreement expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the Agreement.

License Agreements with Robbie Fowler and with Martin Roberts

We entered into a Talent Endorsement Agreement with an effective date of January 1, 2015 with Robbie Fowler that supplements an earlier November 2, 2012 Agreement and a Talent Endorsement Agreement with an effective date of January 1, 2013, both with Mr. Fowler (collectively, the "Fowler License Agreement"). The Fowler License Agreement grants us the exclusive right to use Robbie Fowler's name, image, and likeness in connection with the advertisement, promotion, and sale in the United Kingdom of a property training course developed by us. The Fowler License Agreement was scheduled to expire by its terms on January 1, 2020. Under the Fowler License Agreement, we pay Mr. Fowler a royalty on revenues realized from the sale of Robbie Fowler-branded property courses and affiliated products, after deductions for value added taxes, returns and refunds.

In 2009, we entered into a Talent Endorsement Agreement with Martin Roberts that grants us the exclusive right to use Martin Roberts', name, image, and likeness, as well as the rights to use the name of Mr. Roberts's published book entitled "Making Money From Property," in connection with the advertisement, promotion, and sale in the United Kingdom of a property training course developed by us. We entered into a subsequent Talent Endorsement Agreement with an effective date of April 20th, (the "Supplemental Agreement") that grants us the non-exclusive right to use Martin Roberts' name, image and likeness, as well as the rights to use the name of Mr. Roberts' published book entitled "Making Money From Property", in connection with the advertisement, promotion, and sale of educational training, products and materials related to real estate, securities and options trading and investment, as well as, general wealth building and investing strategies, principles and motivation. The term of the license granted under the Supplemental Agreement is for an initial six months period expiring on October 20, 2017 and will continue thereafter unless (i) terminated by one party upon the event of certain specified defaults of the party, or (ii) by either party without cause upon thirty (30) days prior written notice to the other party. Under the Supplemental Agreement with Mr. Roberts, we pay Mr. Roberts a royalty on revenues realized from the sale of Robbie Fowler-branded property courses and affiliated products that are collected within thirty (30) days after a Company-sponsored Martin Roberts-branded event, after deductions for value added taxes, banking charges, returns, refunds, and third party commissions. For sales to clients introduced to us directly by Mr. Roberts and his associated websites as well as other marketing and promotional activities Mr. Roberts or his associated companies may wish to undertake from time to time that are not part of a Company sponsored event and which result in the sale of ours basic training her marketing and promotional activities, Mr. Roberts is entitled to 50% of gross revenue from such sales of directly introduced clients.

Our licensing agreements for use of the Robbie Fowler and Martin Roberts brands were conveyed to Mayflower Alliance Ltd on November 26, 2019 as part of the sale of the business of our Legacy Education Alliance International Ltd subsidiary, which is currently in liquidation.

Note 11—Capital Stock

Share Capital

Our authorized share capital consists of 200,000,000 shares of Common Stock, par value $0.0001 per share, and 20,000,000 shares of preferred stock, par value $0.0001 per share.

Common Stock

As of December 31, 2020, 23,279,197 shares of our Common Stock were outstanding. The outstanding shares of our Common Stock are validly issued, fully paid and non-assessable.

Holders of Common Stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of Common Stock do not have cumulative voting rights. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. The vote of the stockholders of a majority of the stock having voting power present in person or represented by proxy shall be sufficient to decide any questions brought before such meeting, other than the election of directors, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case such express provisions shall govern and control the decision of such question. Holders of Common Stock representing ten percent (10%) of our capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders.

Holders of our Common Stock are entitled to share in all dividends that our Board of Directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the Common Stock. The Common Stock has no pre-emptive, subscription or conversion rights and there are no redemption provisions applicable to the Common Stock.

In addition, our authorized but unissued common shares could be used by our Board of Directors for defensive purposes against a hostile takeover attempt, including (by way of example) the private placement of shares or the granting of options to purchase shares to persons or entities sympathetic to, or contractually bound to support, management. We have no such present arrangement or understanding with any person. However, our Common Stock have been reserved for issuance upon exercise of stock purchase rights designed to deter hostile takeovers, commonly known as a "poison pill."

On February 15, 2017, we adopted a limited duration Shareholder Rights Plan (the "Plan"). Under the Plan, one preferred stock purchase right will be distributed for each share of common stock held by stockholders of record on March 2, 2017. The rights will trade with the common stock and will not be separable or exercisable until such time as the Plan is triggered. The Plan was scheduled to expire on February 15, 2019, subject to our right to extend such date, unless we redeemed or exchanged earlier or terminated.

On November 12, 2018, the Board of Directors of Legacy Education Alliance, Inc. (the "Company") approved an amendment (the "Amendment") to the Rights Agreement dated as of February 16, 2017 by and between us and VStock Transfer LLC (VStock), as Rights Agent (the "Rights Agreement"), to (i) extend the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2021, and (ii) to provide for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

On November 25, 2019, we entered into an assumption agreement with Broadridge Corporate Issuer Solutions, Inc. (Broadridge), whereby Broadridge assumes the role of Rights Agent under the Rights Agreement, effectively replacing VStock as Rights Agent.

On February 12, 2021, the Board of Directors of Legacy Education Alliance, Inc. (the "Company") approved an amendment (the "Amendment") to the Rights Agreement dated as of February 16, 2017 by and between the Company and Broadridge Corporate Issuer Solutions, Inc., successor to VStock Transfer LLC (VStock), as Rights Agent (the "Rights Agreement"), to (i) extend the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2023, and (ii) to provide for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

The extension of the Final Expiration Date under the Rights Agreement was entered into to ensure that the Board of Directors would continue to have sufficient time to consider any proposal from a third party that might result in a change in control of the Company, to ensure that all stockholders receive fair and equal treatment in the event of any such a proposal, and to encourage any potential acquirer to negotiate with the Board of Directors. In addition, extending the Rights Agreement will guard against partial tender offers, open market accumulations and other coercive tactics aimed at gaining control of the Company without paying all stockholders a full control premium for their shares. The Rights Agreement was not amended in response to any specific takeover offer.

Preferred Stock

As of December 31, 2020 and 2019, no shares of our preferred stock were outstanding.

Our authorized preferred stock is "blank check" preferred. Accordingly, subject to limitations prescribed by law, our Board is expressly authorized, at its discretion, to adopt resolutions to issue shares of preferred stock of any class or series, to fix the number of shares of any class or series of preferred stock and to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether the dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any series of the preferred stock, in each case without any further action or vote by our stockholders.

Note 12—Earnings Per Share ("EPS")

Basic EPS is computed by dividing net income by the basic weighted-average number of shares outstanding during the period.

Diluted EPS is computed by dividing net income by the diluted weighted-average number of shares outstanding during the period and, accordingly, reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options, were exercised, settled or converted into common stock and were dilutive. The diluted weighted-average number of shares used in our diluted EPS calculation is determined using the treasury stock method.

Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock awards, are considered to be participating securities, and therefore, the two-class method is used for purposes of calculating EPS. Under the two-class method, a portion of net income is allocated to these participating securities and is excluded from the calculation of EPS allocated to common stock. Our restricted stock awards are subject to forfeiture and restrictions on transfer until vested and have identical voting, income and distribution rights to the unrestricted common shares outstanding.

Our weighted average unvested restricted stock awards outstanding were 153,612 and 424,531 for the years ended December 31, 2020 and 2019, respectively.

The calculations of basic and diluted EPS are as follows:

	Years Ended December 31, 2020			Years Ended December 31, 2019		
	Net Income	Weighted Average Shares Outstanding	Earnings Per Share	Net Income	Weighted Average Shares Outstanding	Earnings Per Share
	(in thousands, except per share data)			(in thousands, except per share data)		
Basic:						
As reported	$ 16,009	23,230		$ 9,950	23,141	
Amounts allocated to unvested restricted shares	(106)	(154)		(183)	(425)	
Amounts available to common stockholders	$ 15,903	23,076	$ 0.69	$ 9,767	22,716	$ 0.43
Diluted:						
Amounts allocated to unvested restricted shares	106	154		183	425	
Non participating share units		—			—	
Amounts reallocated to unvested restricted shares	(107)	—		(186)	—	
Amounts available to stockholders and assumed conversions	$ 15,902	23,230	$ 0.68	$ 9,764	23,141	$ 0.42

Note 13—Fair Value Measurements

ASC 820 , *"Fair Value Measurements and Disclosures"* defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. *ASC 820* requires entities to, among other things, maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions.

In accordance with *ASC 820* , these two types of inputs have created the following fair value hierarchy:

- Level 1—Inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in markets that are not active
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- Level 3—Inputs that are unobservable and reflect our assumptions used in pricing the asset or liability based on the best information available under the circumstances (e.g., internally derived assumptions surrounding the timing and amount of expected cash flows).

We did not have any financial assets or liabilities measured and recorded at fair value on our consolidated balance sheets on a recurring basis as of December 31, 2020 and 2019.

Note 14—Segment Information

We manage our business in three segments based on geographic location for which operating managers are responsible to the Chief Executive Officer. These segments include: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets. Operating results, as reported below, are reviewed regularly by our Chief Executive Officer, or Chief Operating Decision Maker ("CODM") and other members of the executive team.

The proportion of our total revenue attributable to each segment is as follows:

	Years Ended December 31,	
As a percentage of total revenue	**2020**	**2019**

North America	70.3%	72.1%
U.K.	3.1%	5.5%
Other foreign markets	26.6%	22.4%
Total consolidated revenue	100.0%	100.0%

Operating results for the segments are as follows:

	Years Ended December 31,	
Segment revenue	**2020**	**2019**
	(In thousands)	
North America	$ 24,001	$ 54,427
U.K.	1,058	4,128
Other foreign markets	9,102	16,941
Total consolidated revenue	$ 34,161	$ 75,496

	Years Ended December 31,	
	2020	**2019**
Segment gross profit contribution *	**(In thousands)**	
North America	$ 15,852	$ 12,195
U.K.	949	983
Other foreign markets	7,193	2,244
Total consolidated gross profit	$ 23,994	$ 15,422

* Segment gross profit is calculated as revenue less direct course expenses, advertising and sales expenses and royalty expense.

	Years Ended December 31,	
	2020	**2019**
Depreciation and amortization expenses	**(In thousands)**	
North America	$ 45	$ 137
U.K.	14	20
Other foreign markets	10	5
Total consolidated depreciation and amortization expenses	$ 69	$ 162

	December 31, 2020	**December 31, 2019**
Segment identifiable assets	**(In thousands)**	
North America	$ 3,864	$ 9,937
U.K.	1,266	2,324
Other foreign markets	1,026	3,286
Total consolidated identifiable assets	$ 6,156	$ 15,547

Our long-lived assets in the U.S. were approximately $4.0 thousand and $1,000.0 thousand for the years ended December 31, 2020 and 2019, respectively. Our international long-lived assets were approximately $0.1 thousand and $400.0 thousand, respectively, for the same periods.

Note 15—Commitments and Contingencies

Licensing agreements.

On January 25, 2018, we entered into a Material Definitive Agreement that resulted in a Second Amendment with RDOC (the “Second Amendment”) that amends certain terms of the 2013 License Agreement and extends the term of the 2013 License Agreement to September 1, 2019. On August 16, 2019, we entered into an amendment to the License Agreement that extended the term of the License Agreement through September 30, 2019. On the Second Agreement expired on September 30, 2019.

Under the terms of the License Agreement, as amended, the Company was granted a worldwide license to use certain intellectual property of RDOC to develop, market, sell, and conduct Rich Dad Education branded educational products and services in real estate investing, business strategies, stock market investment techniques, stock/paper assets, cash management, asset protection, and other financially oriented subjects in any form of communication or media, in exchange for which the Company agreed to pay a monthly royalty to RDOC.

We are committed to pay royalties for the usage of certain brands, as governed by various licensing agreements, including T&B Seminars, Inc., Rich Dad, Robbie Fowler and Martin Roberts. Total royalty expenses included in our Consolidated Statement of Operations and Comprehensive Income for the years ended December 31, 2020 and 2019 were $0.0 million and $3.4 million, respectively. Our License Agreement with our Rich Dad brand licensor expired on September 30, 2019. Our licensing agreements for use of the Robbie Fowler and Martin Roberts brands were conveyed on November 26, 2019 to Mayflower Alliance Ltd as part of the sale of the business of our Legacy Education Alliance International Ltd subsidiary, which is currently in liquidation.

Purchase commitments. From time to time, the Company enters into non-cancellable commitments to purchase professional services, Information Technology licenses and support, and training courses in future periods. There were no purchase commitments made by the Company at December 31, 2020 and 2019, respectively.

Custodial and Counterparty Risk. The Company is subject to custodial and other potential forms of counterparty risk in respect of a variety of contractual and operational matters. In the course of ongoing company-wide risk assessment, management monitors the Company arrangements that involve potential counterparty risk, including the custodial risk associated with amounts prepaid to certain vendors and deposits with credit card and other payment processors. Deposits held by our credit card processors at December 31, 2020 and 2019 were $1.1 million and $5.0 million, respectively. These balances are included on the Consolidated Balance Sheets in restricted cash in 2020 and 2019.

While these balances reside in major financial institutions, they are only partially covered by federal deposit insurance and are subject to the financial risk of the parties holding these funds. When appropriate, we utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. A CDAR consists of numerous individual investments, all below the FDIC limits, thus fully insuring that portion of our cash. At December 31, 2020 and 2019, we did not have a CDAR balance.

Litigation.

We and certain of our subsidiaries, from time to time, are parties to various legal proceedings, claims and disputes that have arisen in the ordinary course of business. These claims may involve significant amounts, some of which would not be covered by insurance.

Elite Legacy Education, Inc. v. NetSuite, Inc., Oracle Corporation and Oracle America, Inc. On August 17, 2018, we submitted a demand for arbitration against Respondents NetSuite, Inc., Oracle Corporation, and Oracle America, Inc. (collectively, "Oracle/NetSuite") to JAMS in San Francisco, California for declaratory relief, breach of contract, breach of the covenant of good faith and fair dealing, conversion, and unjust enrichment to address the deficient performance and subsequent unwarranted and malicious threats to suspend performance altogether from Respondents Oracle/NetSuite arising out of the Company's new ERP/CRM system. In May 2019, we entered into a settlement agreement under which Oracle/NetSuite gave us $0.1 million in the form of accounts payable credit, concluding the litigation in its entirety. We recognized the settlement in May 2019.

Tigrent Group Inc. v. Process America, Inc. ("PA"), Case No 1:12-cv-01314-RLM, filed March 16, 2012 in the U.S. District Court for the Eastern District of New York. In this case we sought the return of the $8.3 million credit card merchant reserve account deposit held by Process America Inc., a so-called "Independent Sales Organization" that places merchants with credit card processors. On November 12, 2012, PA filed for bankruptcy protection in the U.S. Bankruptcy Court for the Central District of California ("Bankruptcy Court.") On December 3, 2012, the Bankruptcy Court obtained jurisdiction of our dispute with PA. On June 21, 2013, the Tigrent Group filed its proof of claim with Bankruptcy Court in the amount of $8.3 million. In July 2019, we received a cash payment from PA in the amount of $0.4 million, as a distribution. This amount was recognized and reported as other income in the consolidated statement of operations and comprehensive income for the year ended December 31, 2019.

Tranquility Bay of Pine Island, LLC v. Tigrent, Inc., et al. On March 16, 2017, suit was filed in the Twentieth Judicial Circuit In and For Lee County, Florida by Tranquility Bay of Pine Island, LLC ("TBPI") against Tigrent Inc. and various of its present and former shareholders, officers and directors. By amendment dated May 24, 2019, the Company and its General Counsel and former Chief Executive Officer were named as defendants to a civil conspiracy count. The suit primarily relates to the alleged obligation of Tigrent to indemnify the Plaintiff pursuant to an October 6, 2010 Forbearance Agreement. The suit includes claims for Breach of Contract, Permanent and Temporary Injunction, Breach of Fiduciary Duty, Civil Conspiracy, Tortious Interference and Fraudulent Transfer. On March 20, 2019, the Court dismissed the complaint in its entirety with leave to amend. On April 11, 2019, TBPI filed its Second Amended Complaint in Twentieth Judicial Circuit In and For Lee County, Florida against Tigrent Inc. ("Tigrent"), Legacy Education Alliance Holding, Inc. ("Holdings"), and certain shareholders of the Company. The suit includes claims for Breach of Contract, Breach of Fiduciary Duty against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of the Company. On May 24, 2019, with leave from the court, TBPI filed its Third Amended Complaint in Twentieth Judicial Circuit In and For Lee County, Florida against Tigrent, Holdings, and certain shareholders of the Company. The suit includes claims for Breach of Contract against Tigrent, Breach of Fiduciary Duty against Tigrent, Damages for Violation of Unfair and Deceptive Business Practices Act against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of Tigrent, including the Company's General Counsel and former CEO, James E. May. On June 23, 2020, the Court entered summary judgment in favor of Tigrent with respect to TBPI's claims against Tigrent alleging (i) breach of fiduciary duty, (ii) violation of the Florida Deceptive and Unfair Trade Practices Act, and (iii) indemnification against certain attorney's fees claimed to have been incurred by TBPI. On September 17, 2020, the Court (i) granted summary judgment in favor of Tigrent and Holdings on TBPI's claim for conspiracy; (ii) denying TBPI's motion for summary judgment against Tigrent in which TBPI sought a declaration by the Court that claims against TBPI in in a lawsuit to which neither Tigrent nor Holdings is a party ("Third Party Lawsuit") were within the scope of Tigrent's indemnity obligations under the Forbearance Agreement; and (iii) denying TBPI's motion for summary judgment in which TBPI sought a declaration by the Court that TBPI's attorney's fees incurred the Third Party Lawsuit were also within the scope of Tigrent's indemnity obligations under the Forbearance Agreement. On August 18, 2020, TBPI voluntarily dismissed all shareholder defendants, other than Mr. May and Steven Barre, Tigrent's former Chief Executive Officer. On January 4, 2021, a Settlement Agreement and Mutual Release was entered into by and between TBPI, M. Barry Strudwick, Carl Weiss and Susan Weiss (the "Strudwick Parties") and Tigrent Inc., Legacy Education Alliance, Inc., Legacy Education Alliance Holdings, Inc., James E. May, and Steven Barre (Defendants) pursuant to which the Strudwick Parties agreed to dismiss the lawsuit with prejudice against all parties and the Company agreed to pay the aggregate sum of $400,000 payable in one installment of $100,000 on February 18, 2021 and five quarterly installments of $60,000 commencing on May 19, 2021, which the Company has accrued for within accounts payable and other long-term liability for the current and long-term portions, respectively, in the Consolidated Balance Sheet as of December 31, 2020. The parties also exchanged mutual releases as part of the Settlement Agreement. The lawsuit was dismissed by order of the Court on January 12, 2021.

In the Matter of Legacy Education Alliance International, Ltd. On October 28, 2019, an Application for Administration was filed in the High Court of Justice, Business and Property Courts of England and Wales (the "English Court"), whereby four creditors of Legacy Education Alliance, International Ltd ("Legacy UK"), one of our UK subsidiaries, sought an administration order with respect to the business affairs of the subsidiary, the appointment of an administrator, and such other ancillary orders as the applicants may request or as the court deemed appropriate. On November 15, 2019, the creditors obtained an Administration Order from the English Court. Under the terms of the Administration Order, two individuals have been appointed as administrators of Legacy UK and will manage Legacy UK and operate its affairs, business and property under the jurisdiction of the English Court. The administrators engaged a third-party to market Legacy UK's business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK's assets and deferred revenues sold for £300 thousand (British pounds) to Mayflower Alliance LTD. We will not receive any proceeds from the sale of Legacy UK. On November 19, 2020, the administrators filed notice of their proposal to move from administration to a creditors' voluntary liquidation and on December 9, 2020, notice was filed with Companies House that Paul Zalkin and Nicholas Simmonds were appointed as liquidators of Legacy UK to commence its winding up. Further details regarding the resolution of claims and liabilities may not be known for several months. Because there are a number of intercompany relationships between the Company and Legacy UK, the financial impact of any future claims in relation to the administration and disposition of Legacy UK, outside of those included in the discontinued operations of Legacy UK (see Note 4 "*Discontinued Operations*"), is unknown to us at this time, as is the timing and other conditions and effects of the administrative process. On December 8, 2020 we paid $390.6 thousand in cash and transferred our residential properties in the value of $363 thousand as settlement of intercompany debts of two of our subsidiaries, LEAI Property Development UK, Ltd. and LEAI Property Investment UK, Ltd., totaling $924 thousand to Legacy UK (see *"Property, equipment and impairment of long-lived assets" in* Note 2 *"Significant Accounting Policies"* and Note 5 *"Property and Equipment"*).

In the Matter of Elite Legacy Education UK Ltd. On March 18, 2020, a Winding-Up Petition, CR-2020-001958, was filed in the High Court of Justice, Business and Property Courts of England and Wales (the "High Court") against one of our UK subsidiaries, Elite Legacy Education UK Ltd. ("ELE UK"), by one of its creditors ("Petitioner") pursuant to which the Petitioner was claiming a debt of £461,459.70 plus late payment interest and statutory compensation was due and owing. The Petitioner sought an order from the High Court to wind up the affairs of ELE UK under the UK Insolvency Act of 1986. ELE UK has disputed the claim of the Petitioner and on June 11, 2020, ELE UK obtained a court order vacating the hearing on the Petition originally set for June 24, 2020. On July 24, 2020, the High Court entered an order finding that there was a genuine dispute on substantial grounds with respect to £392,761.70 of the Petitioner's claim, and that only £68,698 plus late payment interest and statutory compensation was due and owing. The High Court further restrained the Petitioner from advertising its Winding-Up Petition until August 14, 2020 and, provided ELE UK pays the Petitioner the sums awarded under the High Court's order, plus late payment interest and statutory compensation on or before August 14, 2020, the Petitioner's Winding-Up Petition would be dismissed. On August 10, 2020, ELE UK filed its Notice of Appeal in which it sought permission to appeal the High Court's ruling. On October 23, 2020, the Court denied ELE UK permission to appeal whereupon ELE UK filed an application to renew its application for permission to appeal ("Renewal Application"), which Renewal Application would be heard at a subsequent Oral Hearing on a date not yet determined. On October 27, 2020, ELE UK filed an application with the High Court of Appeal, Royal Courts of Justice ("Court of Appeals") for a hearing to renew its application for permission to appeal the High Court's order and a hearing was set for February 11, 2021. On October 30, 2020, the High Court entered a Consent Order restraining Petitioner from advertising its Winding Up Petition until ELE UK' s Renewal Application is determined at the Oral Hearing or until further order of the Court, whichever is earlier. At a hearing held on December 16, 2020, the High Court issued an order lifting the restraint on advertising the petition for a winding up order and that the matter be listed on January 13, 2021 for winding up and awarding costs to the creditor. However, at a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "Arrangement") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). As a result, the Petitioner's claims will be administered under the terms of the CVA and, at the request of ELE UK, the hearing on its application to renew its appeal of the High Court's order was lifted.

Note 16 - Leases

Right-of-Use Assets and Leases Obligations

We lease office space and office equipment under non-cancelable operating leases, with terms typically ranging from one to three years, subject to certain renewal options as applicable. We consider those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of lease liabilities and right-of-use assets. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

We determine whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, we use the rate implicit in the lease to discount lease payments to present value; however, most of our leases do not provide a readily determinable implicit rate. Therefore, we must discount lease payments based on an estimate of its incremental borrowing rate.

We do not separate lease and nonlease components of contracts. There are no material residual value guarantees associated with any of our leases. There are no significant restrictions or covenants included in our lease agreements other than those that are customary in such arrangements.

Lease Position as of December 31, 2020

The table below presents the lease related assets and liabilities recorded on the Consolidated Balance Sheets as of December 31, 2020 and 2019:

(in thousands)	**Classification on the Balance Sheet**	**December 31, 2020**	**December 31, 2019**
Assets			
Operating lease assets	Operating lease right of use assets	$ 45	$ 122
	Total lease assets	$ 45	$ 122
Liabilities			
Current liabilities:			
Operating lease liabilities	Current operating lease liabilities	$ 25	$ 86
Noncurrent liabilities:			
Operating lease liabilities	Long-term operating lease liabilities	$ 20	$ 27
	Total lease liabilities	$ 45	$ 113

Lease cost for the year ended December 31, 2020

The table below presents the lease related costs recorded on the Consolidated Statement of Operation and Comprehensive Income for the years ended December 31, 2020 and 2019:

(in thousands)		**Years Ended December 31,**	
Lease cost	**Classification**	**2020**	**2019**
Operating lease cost	General and administrative expenses	$ 45	$ 60
	Total lease cost	$ 45	$ 60

Other Information

The table below presents supplemental cash flow information related to leases for the years ended December 31, 2020 and 2019:

	Years Ended December 31,	
(in thousands)	**2020**	**2019**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 41	$ 61
Supplemental non-cash amounts of lease liabilities arising from obtaining right-of-use assets/(decrease) of lease liability due to cancellation of leases	$ (31)	$ 176

As a result of the sale of Legacy UK, the leases classified as right-of-use assets and as lease liabilities in the amount of $2.2 million, were written off to discontinued operations. See Note 4 "*Discontinued Operations"*.

During the quarter ended September 30, 2020, we cancelled all of our outstanding lease arrangements for office space and equipment. On October 1, 2020, the Company relocated its headquarter to 1490 N.E. Pine Island Road, Suite 5D, Cape Coral, FL 33909 and entered into a two year operating lease for the new 1,600 square feet office and warehouse space. The new lease provides the Company an option to extend the term of the lease for a third year. The lease obligation is approximately $32 thousand plus other costs for shared services, maintenance and sales tax over the course of its life.

Lease Terms and Discount Rates

The table below presents certain information related to the weighted average remaining lease terms and weighted average discount rates for our operating leases as of December 31, 2020:

	December 31, 2020	December 31, 2019
Weighted average remaining lease term - operating leases	1.75 years	1.67 years
Weighted average discount rate - operating leases	12.00%	12.00%

Undiscounted Cash Flows

The table below reconciles the fixed component of the undiscounted cash flows for each of the first five years and the total remaining years to the operating lease liabilities recorded on the Consolidated Balance Sheet as of December 31, 2020:

Amounts due in	**Operating Leases (in thousands)**
2021	$ 25
2022	20
2023	—
Total minimum lease payments	45
Less: effect of discounting	—
Present value of future minimum lease payments	45
Less: current obligations under leases	(25)
Long-term lease obligations	$ 20

There are no lease arrangements where we are the lessor.

Note 17—Subsequent Events

Senior Secured Convertible Debt Agreement

On March 8, 2021, the Company issued a $375 thousand Senior Secured Convertible Debenture ("Debenture") to Legacy Tech Partners, LLC ("LTP") a Delaware limited liability company. The Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and March 8, 2022. The Debenture may be converted at any time after the issue date into shares of the Company's Common Stock (the "Conversion Shares") at a price equal to $0.05 per share. Together with each Conversion Share a warrant will be issued with a strike price of $0.05 per share and an expiration date of March 8, 2026 (the "Warrants"). LTP has an obligation to lend the Company an additional $625 thousand under the same terms prior to March 31, 2022, and an option to fund an additional $4 million under the same terms prior to March 8, 2024. LTP also has the option to extend the maturity date of each loan it makes to the Company, including the initial loan of $375 thousand for a term not to exceed four years from the original maturity date of that loan. Net proceeds were $314 thousand after legal fees related to the transaction. The Debenture is secured by a lien on all the Company's assets. The Company's U.S. subsidiaries entered into Guaranties on March 9, 2021 in favor of LTP under which such subsidiaries guaranteed the Company's obligations under the Debenture and granted LTP a lien on all assets of such subsidiaries. The use of proceeds from the Debenture will be to extinguish liabilities of the Company and to fund the development of the EdTech (as defined above) business. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the Debenture are not being registered under the Securities Act of 1933, as amended (the "Securities Act"). The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants.

Bankruptcy or Receivership

At a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "Arrangement") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). Under the terms of the Arrangement, CVR Global LLP has been appointed as Supervisor of ELE UK for the purposes of administering the Arrangement. At the Creditors Meeting, the creditors also approved a modification to the Arrangement whereby any tax refunds due to ELE UK would be paid to the Supervisor and made available for distribution to creditors. The Supervisor will wind down the business of ELE UK and make distributions to ELE UK's non-student creditors in accordance with the applicable provisions of the IA and the IR, on and subject to the terms and conditions set forth in the Arrangement in satisfaction of the non-student creditors' respective claims against ELE UK. Student creditors of ELE UK will be provided the opportunity to receive trainings from an independent training provider on and subject to the terms and conditions set forth in the Arrangement in satisfaction of their respective claims against ELE UK. Pursuant to the Arrangement, and at its conclusion, the remaining assets of ELE UK, if any, would be distributed to LEAI. As a result of the CVR, the Winding-Up Petition, CR-2020-001958, filed in the High Court of Justice, Business and Property Courts of England and Wales has been dismissed. At this time, LEAI management is unable to anticipate any distributions that would be received from ELE UK.

On January 27, 2021, Legacy Education Alliance Australia PTY Ltd ("LEA Australia"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), appointed Brent Leigh Morgan and Christopher Stephen Bergin, both of the firm of Rodgers Reidy, 326 William Street, Melbourne VIC 3000 Australia, as Joint and Several Liquidators of LEA Australia, to supervise a Creditors Voluntary Liquidation of LEA Australia. Subject to the approval of the creditors of LEA Australia at a meeting to be held on February 23, 2021 AEDT (February 22, 2021 EST), the Joint Liquidators will wind down the business of LEA Australia and make distributions, if any, to its creditors in accordance with the applicable provisions of the Australian Corporations Act of 2001. The first meeting of creditors of LEA Australia was held on February 24, 2021 (AEDT), at which no resolutions were proposed by the creditors, no nominations for a Committee of Inspection were made, and no alternative liquidator was proposed.

On March 2, 2021, Legacy Education Alliance Holdings, Inc. the sole shareholder of Legacy Education Alliance Hong Kong Ltd ("LEA Hong Kong"), a subsidiary of the Company, adopted a resolution to wind up voluntarily the affairs of LEA Hong Kong and to appoint Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), both of Borrelli Walsh Limited, Level 17, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong as Joint and Several Liquidators of LEA Hong Kong. At a meeting of the creditors of LEA Hong Kong held on March 2, 2021, the creditors similarly approved the voluntary winding up of LEA Hong Kong and the appointment of Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), as Joint and Several Liquidators. The Joint and Several Liquidators will wind up the business of LEA Hong Kong and make distributions, if any, to its creditors in accordance with the applicable provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

On March 7, 2021, Tigrent Learning Canada Inc. ("Tigrent Canada"), a wholly owned subsidiary of Legacy Education Alliance, Inc., filed an assignment in bankruptcy under section 49 of the Canada Bankruptcy and Insolvency Act (the "Act") in the Office of the Superintendent of Bankruptcy Canada, District of Ontario, Division of Toronto, Court No. 31-2718213. Also on March 7, 2021, A. Farber & Partners was appointed trustee of the estate of Tigrent Canada. The trustee will wind down the business of Tigrent Canada and make distributions, if any, to its creditors in accordance with the applicable provisions of the Act. At the First Meeting of Creditors held on March 23, 2021, the creditors of Tigrent Canada approved the appointment of A. Farber & Partners as trustee of the estate of Tigrent Canada.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 under the Securities Exchange Act of 1934) was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. As of December 31, 2020, based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were not effective.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation to assess the effectiveness of our internal control over financial reporting as of December 31, 2020 based upon criteria set forth in the *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, as of December 31, 2020, we have determined that we presently do not have an internal control system or procedures that are effective and may be relied upon in connection with our financial reporting. The weaknesses in our internal control system that were identified by our management generally include weakness that present a reasonable possibility that a material misstatement of our annual or interim financial statements will not be identified, prevented or detected on a timely basis, and specifically include:

- Financial Reporting Systems: The weakness in our internal control system identified by our management relate to the implementation of our new ERP system, which went into production on January 1, 2018. Our ERP software is not able to produce complete and accurate information in regard to revenues and deferred revenues for consistent financial reporting purposes.

If we fail to effectively remediate any of these material weaknesses or other material weaknesses or deficiencies in our control environment that may be identified in the future, we may be unable to accurately report our financial results or report them within the time frames required by law or exchange regulations, to the extent applicable, which would have a negative impact on us and our share price.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report.

(c) Changes in Internal Control over Financial Reporting

There has been no changes in our internal controls over financial reporting during the three months ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

Our Board of Directors currently consists of three members. The directors are elected at the annual meeting of stockholders to serve until the next annual meeting and until their successors are elected and qualified.

Our Board of Directors oversees and monitors our operations and develops and directs the implementation of our business strategy. In connection with these endeavors, our Board of Directors will rely on information, opinions, reports, books of account or statements, including financial statements and other financial data, that are prepared or presented by one or more of our directors, officers, or employees reasonably believed to be reliable and competent in the matters prepared or presented; legal counsel, public accountants, financial advisers, valuation advisers, investment bankers, or other persons as to matters reasonably believed to be within the preparer's or presenter's professional or expert competence; or a committee on which the director or officer relying thereon does not serve, as to matters within the committee's designated authority and matters on which the committee is reasonably believed to merit confidence, but a director is not entitled to rely on such information, opinions, reports, books of account or statements if the director has knowledge concerning the matter in question that would cause reliance thereon to be unwarranted.

Our Board of Directors operates by majority vote. In the 2020 fiscal year, our Board of Directors held 50 meetings and each director attended more than 75% of such meetings. Any director may call a special meeting of our Board of Directors upon proper notice. In addition, our Board of Directors may take action by unanimous written consent in accordance with our Bylaws.

Set forth in the table below is the name, age and position with the Company of each of our directors. Additional information about each of the directors is provided below the table and in "Security Ownership of Certain Beneficial Owners and Management." There are no family relationships among our directors and executive officers.

Name	Age	Position
Michel Botbol	61	Chairman of the Board of Directors and Chief Executive Officer
Peter W. Harper	59	Director
Cary W. Sucoff	69	Director

Michel Botbol was appointed to serve as Chairman of our Board of Directors and Chief Executive Officer on March 8, 20201. Prior to joining the company Mr. Botbol served as President of New York at Frosch International Travel, Inc. Prior to joining Frosch, Mr. Botbol was the President and Head of International at Travel and Transport. Travel and Transport acquired Ultramar in 2012, where Mr. Botbol had served in various roles, including COO and CFO. Under Mr. Botbol's leadership, Ultramar's revenue increased from under $70 mm to over $800 mm. Prior to Ultramar he held executive positions with the Danone Group in IT, sales, strategic planning and finance. As CFO and VP of customer service of Danone Waters of North America, Mr. Botbol grew sales from $250 mm to $800 mm via both organic and strategic M&A and led all merger and integration efforts. Mr. Botbol received a MS from Ecole Centrale Nantes and an Executive MBA from Insead School of Business.

We believe that Mr. Botbol's qualifications to serve as a Director include his extensive experience in both domestic and international organizations where he has a proven track record of growing sales and EBITDA, streamlining operations through reengineering, and building highly skilled and motivated teams to deliver strong business results. He is particularly adept at driving revenue and growth with creative strategies, enhanced products and effective relationship building. As the only management representative on our Board of Directors, Mr. Botbol also provides leadership to the Board and its deliberations based on the insight gained from the management of the day-to-day business operation and strategic planning process.

Peter W. Harper was appointed to the Board of Directors and Chairman of the Company's Audit Committee on December 1, 2015. He has more than 30 years of public, private-equity backed and global company experience in the retail, insurance, electronic manufacturing and consumer products industries. He is currently the Chief Financial Officer at BIC Graphics, an industry leading manufacturer of custom-imprinted products for the promotional products industry. Prior to joining BIC Graphics in April of 2019, Mr. Harper was the CFO for DEI Holdings/Sound United from 2017 to 2019, the President and CFO of Twin-Star International from 2013 to 2016, CFO at Scottsdale Insurance from 2005 to 2012 and Suntron Corporation from 2000 to 2005. Prior to that he had senior finance positions at Iomega Corporation and General Electric. Mr. Harper received a BS from San Jose State University in 1983.

We believe that Mr. Harper's qualifications to serve as director include his over 30 years of experience of financial management. He also qualifies as an audit committee financial expert which gives him enhanced expertise to assist the Board with its financial oversight function.

Cary W. Sucoff, J.D. has served on our board of directors since July 2015. Mr. Sucoff has over 35 years of legal and securities industry experience. Since 2011, he has owned and operated Equity Source Partners LLC, an advisory and consulting firm. He has participated in the financing of hundreds of public and private companies. In addition to Legacy, Mr. Sucoff currently serves on the board of directors of Contrafect Corp. (CFRX), IMAC Holdings (IMAC), First Wave Technologies, Inc., and Galimedix Therapeutics. Mr. Sucoff also serves as an advisor to Sapience Therapeutics and LB Pharmaceuticals. Mr. Sucoff, a former New York City prosecutor, is the Past President of New England Law/Boston and has been a member of its Board of Trustees for over 30 years. He has been Chairman of the Endowment Committee for over 10 years. Mr. Sucoff received a B.A. from SUNY Binghamton (1974) and a J.D. from New England School of Law (1977) where he was the Managing Editor of the Law Review and graduated Magna Cum Laude. Mr. Sucoff has been a member of the Bar of the State of New York (now retired) since 1978.

We believe Mr. Sucoff's qualification to serve as a director his extensive experience in the financing of private and public companies. As a principal of a private advisory firm, Mr. Sucoff brings to the Board significant senior leadership, operational and financial expertise. In addition, his service on boards of other companies gives him a deep understanding of the role of the Board of Directors in the Company's governance and operations, and broad experience in corporate strategy development.

Executive Officers

Set forth in the table below is the name, age and position with the Company of each of our executive officers:

Name	Age	Position
Michel Botbol	61	Chief Executive Officer and Chairman of the Board of Director
Vanessa Guzmán-Clark	40	Vice President and Chief Financial Officer
James E. May	66	General Counsel

See "*Directors*" for **Michel Botbol's** biography.

Vanessa Guzmán-Clark joined the Company as Senior Corporate Controller in January 2019, was promoted to Vice President – Finance in June 2019, and was appointed Chief Financial Officer on October 1, 2019. Her work experience spans over 15 years in the field of accounting and external auditing. She began her career as an accountant for a medium-sized banking services entity. Later, she worked at PricewaterhouseCoopers LLP (PwC) as an external auditor of various multinational and international entities in banking, brokerage, manufacturing, construction, insurance, not-for-profit, retail, and advertising.

After leaving public accounting, Ms. Guzmán-Clark moved on to various Controllership roles in middle-market sized entities. Over the years, her expertise has grown to include internal control enhancements, modernizing policies and procedures, as well as software applications management and development. Through her career, Ms. Guzmán-Clark has held various board seats at private and NFP companies; with the most notable being the Financial Executives International's Orlando Chapter from 2015 through 2018.

Ms. Guzmán-Clark possesses dual CPAs under US GAAP (Florida) and IFRS (Dominican Republic). She also holds dual master's degrees in Business Administration, and Accounting & Financial Management. Ms. Guzmán-Clark also has over 10 years of experience as a College-level professor, teaching various courses from basic Accounting to External Audit and graduate-level Accounting.

James E. May was appointed to the Board of Directors of the Company on February 4, 2019 and was appointed Interim CEO in January 2019 and then CEO in June 2019. Mr. May resigned as Director and CEO on March 8, 2021 at which time he was appointed General Counsel. Mr. May previously served as General Counsel of the Company since November 2014 and as Chief Administrative Officer of the Company's predecessor since September 2009, and as the General Counsel of the Company's predecessor since May 2009. He joined the Company in June 2007 as Assistant General Counsel. Prior to joining the Company, he held the position of Associate General Counsel with Gateway Computers, where he was, at various times, the chief legal counsel for the Gateway Country Stores retail division and for the Business and Government Sales division, where he managed the Contract Management organization. Prior to that, he was Vice President, Deputy General Counsel with Blockbuster Videos, Inc. in Ft. Lauderdale, Florida and Dallas, Texas where he was the chief legal counsel for domestic store operations. Mr. May has a B.A. degree from American University (1981) and a J.D. degree from Catholic University Law School (1984).

Corporate Governance

Director Nomination Process

The Nominating and Corporate Governance Committee will consider director candidates who have relevant business experience, are accomplished in their respective fields, and who possess the skills and expertise to make a significant contribution to the Board of Directors, the Company and its stockholders. Subject to the requirements of our Bylaws, the Nominating and Corporate Governance Committee will consider nominees for election to the Board of Directors who are recommended by stockholders, provided that a complete description of the nominees' qualifications, experience and background, together with a statement signed by each nominee in which he or she consents to act as such, accompany the recommendations.

The Board of Directors considers several diversity factors in evaluating director candidates including, without limitation, professional experience, education, race, gender and national origin, but does not assign any particular weight or priority to any particular factor.

In identifying prospective director candidates, the Nominating and Corporate Governance Committee may seek referrals from other members of the Board of Directors, management, stockholders and other sources. The Nominating and Corporate Governance Committee also may, but need not, retain a search firm in order to assist it in identifying candidates to serve as directors of the Company. The Nominating and Corporate Governance Committee utilizes the same criteria for evaluating candidates regardless of the source of the referral. When considering director candidates, the Nominating and Corporate Governance Committee seeks individuals with backgrounds and qualities that, when combined with those of our incumbent directors, provide a blend of skills and experience to further enhance the Board of Director's effectiveness.

In connection with its annual recommendation of a slate of nominees, the Nominating and Corporate Governance Committee may also assess the contributions of those directors recommended for re-election in the context of the Board of Directors evaluation process and other perceived needs of the Board of Directors.

Board Meetings and Committees

We are not required under the Exchange Act to maintain any committees of our Board of Directors. We have formed certain committees of our board as a matter of preferred corporate practice. We have an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee. The purpose of the Audit Committee is to assist the Board in fulfilling its responsibility to oversee the quality and integrity of the accounting, auditing, and reporting practices of the Company. The Committee shall also oversee the Company's systems of internal controls regarding finance, accounting, information technology, legal and regulatory compliance and ethical behavior, the audits of the Company's financial statements, the qualifications of the accounting firm engaged as the Company's independent auditor, and the performance of the Company's independent auditors.

The members of our Audit Committee are Mr. Harper and Mr. Sucoff, with Mr. Harper serving as the Chairman. The Board of Directors has determined that each director serving on the Audit Committee qualifies as "independent" under the NASDAQ listing rules. and Mr. Harper further qualifies as an "audit committee financial expert", as such term is defined in the applicable rules of the Exchange Act. Our Audit Committee has a written charter available on our website in the "Corporate Governance" section under the "Investors" link at *www.legacyeducationalliance.com*.

Number of Meetings in fiscal 2020: [6]

Compensation Committee. The purpose of the compensation committee of the Board of Directors of Legacy Education Alliance, Inc. (the "Company") is to oversee the Company's compensation and benefits programs; establish, review, revise and interpret the Company's compensation philosophy, policies and objectives; and evaluate the performance of the Company's executive officers and set compensation levels for all executive officers, including any performance-based compensation.

The sole member of our Compensation Committee is Mr. Harper. The Board of Directors has determined that Mr. Harper qualifies as "independent" under the NASDAQ listing rules. Our Compensation Committee has a written charter available on our website in the "Corporate Governance" section under the "Investors" link at *www.legacyeducationalliance.com*.

Number of Meetings in fiscal 2020: [1]

Nominating and Corporate Governance Committee. The purpose of the Nominating and Corporate Governance Committee is to provide support for the governance role of the Board in reviewing and making recommendations on the composition of the Board, oversee the evaluation of the Board and management of the Company, periodically assess the functioning of the Board and its committees and make recommendations to the Board regarding corporate governance matters and practices. On at least an annual basis, the Nominating and Corporate Governance Committee reviews overall board of director's compensation. Any changes made to Board compensation as a result of these reviews requires full Board ratification.

The sole member of our Nominating and Corporate Governance Committee is Mr. Sucoff. The Board of Directors has determined that Mr. Sucoff qualifies as "independent" under the NASDAQ listing rules. Our Nominating and Corporate Governance Committee has a written charter available on our website at *www.legacyeducationalliance.com*.

Risk Oversight

The Board of Directors takes an active role in risk oversight. The Board of Directors exercises its risk oversight function through the full Board of Directors and each of its committees. The Audit Committee of the Board of Directors takes an active risk oversight role by meeting with the Company's senior management team on a regular basis and reviewing and approving key risk policies and risk tolerances. The Audit Committee is responsible for ensuring that the Company has in place a process for identifying, prioritizing, managing, and monitoring its critical risks. Furthermore, the Board of Directors, with input from the Audit Committee, regularly evaluates our management infrastructure, including personnel competencies and technologies and communications, to ensure that key risks are being properly evaluated and managed. Finally, the Compensation Committee of the Board of Directors reviews any risks associated with the Company's compensation practices. In the Compensation Committee's view, our compensation policies encourage a balanced approach to risk-taking, by structuring compensation packages that includes both long-term vesting equity awards in addition to cash bonuses.

Code of Business Conduct and Ethics

We adopted a Code of Business Conduct and Ethics on November 10, 2014 that applies to our directors, officers and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer. This Code of Business Conduct and Ethics may be found on our website in the "Corporate Governance" section under the "Investors" link at *www.legacyeducationalliance.com*.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation Program

Our executive compensation program is determined and proposed by our Compensation Committee and is approved by our Board of Directors. None of the Named Executive Officers is a member of the Compensation Committee or otherwise had any role in determining the compensation of other Named Executive Officers, although the Compensation Committee does consider the recommendations of our Chief Executive Officer in setting compensation levels for our other executive officers.

Executive Employment Agreements

Anthony C. Humpage Employment Agreement

On September 1, 2017, the Company entered into an employment agreement (the "Employment Agreement") with Anthony C. Humpage, its Chief Executive Officer, for no specific term. The Employment Agreement provided Mr. Humpage with the following compensation and benefits:

- Annual base salary of no less than $375,000, subject to periodic review and adjustment by the Board of Directors of the Company (the "Board") or the Compensation Committee of the Board;
- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;
- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and
- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program;
- Reimbursement of certain specified expenses.

The Employment Agreement further provided that if the Board determined that Mr. Humpage had engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Employment Agreement would have been lower if based on such restated results, then the Board and the Company could seek recoupment from Mr. Humpage of any portion of such performance-based compensation deemed appropriate.

Mr. Humpage's employment could be terminated by either party at any time. If Mr. Humpage's employment was terminated (i) other than for cause or (ii) upon Mr. Humpage's death, permanent disability, or voluntary resignation, Mr. Humpage would be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that had accrued but was paid as of the date of termination, (ii) a *pro rata* portion of any annual incentive compensation that Mr. Humpage would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Mr. Humpage's employment was terminated other than for cause or his voluntary resignation within 18 months of a "change in control" event, he would be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that had accrued but was paid as of the date of termination, (ii) a *pro rata* portion of any annual incentive compensation that Mr. Humpage would have been entitled to receive and, (iii) a separation benefit in an amount equal to two years of base salary payable in lump sum. If Mr. Humpage's employment was terminated other than for cause or his voluntary resignation within 12 months after demand for such termination by Rich Dad Operating Co., LL or any entity affiliated with Robert or Kim Kiyosaki, he would be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a *pro rata* portion of any annual incentive compensation that Mr. Humpage would have been entitled to receive and, (iii) a separation benefit in an amount equal to two years of base salary payable as follows: twenty-six (26) weeks of base salary payable in lump sum, and the remainder payable in bi-weekly installments. Mr. Humpage's entitlement to receive any separation benefit described in this paragraph was conditioned on Mr. Humpage executing a general release satisfactory to the Company.

Mr. Humpage resigned as CEO of the Company on January 15, 2019.

On April 18, 2019, the Company and Mr. Humpage, entered into a Separation Agreement (the "Separation Agreement") in connection with the termination of Mr. Humpage's employment with the Company, which was effective April 2, 2019 (the "Separation Date"). Pursuant to the Separation Agreement, Mr. Humpage will receive the following severance benefits: (i) cash payment of his weekly base salary through December 31, 2019, subject to acceleration in the event of a change in control; (ii) reimbursement of Mr. Humpage's COBRA premiums until he becomes eligible for Medicare; and (iii) participation in the Company's 2019 Annual Incentive Compensation Plan, if any, prorated through the Separation Date. Mr. Humpage's unvested shares of Company common stock will continue to be governed by the terms of their respecting grant notices and award agreements, including the future vesting of such shares. Further, under the Separation Agreement, Mr. Humpage agreed that his obligations under that certain September 1, 2017, Confidentiality, Non-Compete and Non-Solicitation Agreement will survive the termination of his employment.

James E. May Employment Agreement

On September 1, 2017, the Company entered into an employment agreement (the "Employment Agreement") with James E. May, then, Senior Vice President and General Counsel, and now, Chief Executive Officer, for no specific term. The Employment Agreement provides Mr. May with the following compensation and benefits:

- Annual base salary of no less than $260,000, subject to periodic review and adjustment by the Board of Directors of the Company (the "Board") or the Compensation Committee of the Board;
- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;
- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and
- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program;

The Employment Agreement further provides that if the Board determines that Mr. May has engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Employment Agreement would have been lower if based on such restated results, then the Board and the Company may seek recoupment from Mr. May of any portion of such performance-based compensation deemed appropriate.

Mr. May's employment may be terminated by either party at any time. If Mr. May's employment is terminated (i) other than for cause or (ii) upon Mr. May's death, permanent disability, or voluntary resignation, Mr. May will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a *pro rata* portion of any annual incentive compensation that Mr. May would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Mr. May's employment is terminated other than for cause or his voluntary resignation within 18 months of a "change in control" event, he will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination and (ii) a separation benefit in an amount equal to one year of base salary payable in lump sum. Mr. May's entitlement to receive any separation benefit described in this paragraph is conditioned on Mr. May executing a general release satisfactory to the Company.

Under the terms of the Employment Agreement, Mr. May will be subject to certain confidentiality, non-solicitation, and other restrictive covenants described in the Agreement.

On March 8, 2021, in connection with his appointment as General Counsel, Mr. May's annual base salary was adjusted by the Board to $180,000.

Christian Baeza Employment Agreement

On September 1, 2017, the Company entered into an employment agreement (the "Employment Agreement") with Christian Baeza, then Chief Financial Officer, for no specific term. The Employment Agreement provided Mr. Baeza with the following compensation and benefits:

- Annual base salary of no less than $200,000, subject to periodic review and adjustment by the Board of Directors of the Company (the "Board") or the Compensation Committee of the Board;

- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;

- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and

- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program;

The Employment Agreement further provides that if the Board determines that Mr. Baeza has engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Employment Agreement would have been lower if based on such restated results, then the Board and the Company may seek recoupment from Mr. Baeza of any portion of such performance-based compensation deemed appropriate.

Mr. Baeza's employment may be terminated by either party at any time. If Mr. Baeza's employment is terminated (i) other than for cause or (ii) upon Mr. Baeza's death, permanent disability, or voluntary resignation, Mr. Baeza will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a *pro rata* portion of any annual incentive compensation that Mr. Baeza would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Mr. Baeza's employment is terminated other than for cause or his voluntary resignation within 18 months of a "change in control" event, he will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination and (ii) a separation benefit in an amount equal to one year of base salary payable in lump sum. Mr. Baeza's entitlement to receive any separation benefit described in this paragraph is conditioned on Mr. Baeza executing a general release satisfactory to the Company.

On June 14, 2019, Legacy Education Alliance, Inc., (the "Company") and Christian A.J. Baeza, the Company's former Senior Vice President and Chief Financial Officer, entered into a Separation Agreement (the "Separation Agreement") in connection with the termination of Mr. Baeza's employment with the Company, which was effective May 20, 2019 (the "Separation Date"). Pursuant to the Separation Agreement, Mr. Baeza received an amount equal to 26 weeks of his weekly base salary payable on a bi-weekly. Mr. Baeza's unvested shares of Company common stock will continue to be governed by the terms of their respective grant notices and award agreements, including the future vesting of such shares. Further, under the Separation Agreement, Mr. Baeza agreed that his obligations under that certain September 1, 2017, Confidentiality, Non-Compete and Non-Solicitation Agreement will survive the termination of his employment.

Vanessa Guzmán-Clark Employment Agreement

On March 18, 2020, Legacy Education Alliance, Inc., (the "Company") entered into an employment agreement (the "Employment Agreement") with Vanessa Guzmán-Clark, its Chief Financial Officer, for no specific term. The Employment Agreement provides Ms. Guzmán-Clark with the following compensation and benefits:

- Annual base salary of no less than $126,000, subject to periodic review and adjustment by the Board of Directors of the Company (the "Board") or the Compensation Committee of the Board;

- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;

- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and

- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program.

The Employment Agreement further provides that if the Board determines that Ms. Guzmán-Clark has engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Employment Agreement would have been lower if based on such restated results, then the Board and the Company may seek recoupment from Ms. Guzmán-Clark of any portion of such performance-based compensation deemed appropriate.

Ms. Guzmán-Clark's employment may be terminated by either party at any time. If Ms. Guzmán-Clark's employment is terminated (i) other than for cause or (ii) upon Ms. Guzmán-Clark's death, permanent disability, or voluntary resignation, Ms. Guzmán-Clark will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a pro rata portion of any annual incentive compensation that Ms. Guzmán-Clark would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Ms. Guzmán-Clark's employment is terminated other than for cause or her voluntary resignation within 18 months of a "change in control" event, he will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination and (ii) a separation benefit in an amount equal to one year of base salary payable in lump sum. Ms. Guzmán-Clark's entitlement to receive any separation benefit described in this paragraph is conditioned on Ms. Guzmán-Clark executing a general release satisfactory to the Company.

Under the terms of the Employment Agreement, Ms. Guzmán-Clark will be subject to certain confidentiality, non-solicitation, and other restrictive covenants described in the Agreement.

On March 8, 2021, Ms. Guzmán-Clark annual base salary was adjusted by the Board to $180,000.

Michel Botbol Employment Agreement.

On March 9, 2021, the Company entered into an employment agreement (the "Employment Agreement") with Michel Botbol, its Chief Executive Officer, for no specific term. The Employment Agreement provides Mr. Botbol with the following compensation and benefits:

- Annual base salary of no less than $200,000, which will increase to $260,000 upon the earlier to occur of the Spin Off (as defined below) or September 1, 2021, subject to periodic review and adjustment by the Board or the Compensation Committee of the Board;
- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;
- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and
- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program;

The Employment Agreement further provides that if the Board determines that Mr. Botbol has engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Employment Agreement would have been lower if based on such restated results, then the Board and the Company may seek recoupment from Mr. Botbol of any portion of such performance-based compensation deemed appropriate.

Mr. Botbol's employment may be terminated by either party at any time. If Mr. Botbol's employment is terminated (i) other than for cause or (ii) upon Mr. Botbol's death, permanent disability, or voluntary resignation, Mr. Botbol will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a pro rata portion of any annual incentive compensation that Mr. Botbol would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Mr. Botbol's employment is terminated other than for cause or due to his voluntary resignation within 18 months of a "change in control" event, he will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a separation benefit in an amount equal to one year of base salary payable in lump sum. Mr. Botbol's entitlement to receive any separation benefit described in this paragraph is conditioned on Mr. Botbol executing a general release satisfactory to the Company.

Under the terms of the Employment Agreement, Mr. Botbol will be subject to certain confidentiality, non-solicitation, and other restrictive covenants described in the Agreement.

The preceding description of the Employment Agreement is a summary of its material terms, does not purport to be complete, and is qualified in its entirety by reference to the Employment Agreement, a copy of which is being filed as Exhibits 10.41 to this Current Report on Form 8-K and is incorporated herein by reference.

Executive Compensation Program Objectives and Overview

The Compensation Committee conducts an annual review of our executive compensation programs to ensure that:

- The program is designed to achieve our goals of promoting financial and operational success by attracting, motivating and facilitating the retention of key employees with outstanding talent and ability; and
- The program adequately rewards performance which is tied to creating stockholder value.

Our current executive compensation program is based on three components, which are designed to be consistent with our compensation philosophy: (1) base salary; (2) annual incentive bonuses; and (3) grants of stock options and restricted stock.

In structuring executive compensation packages, the Compensation Committee considers how each component promotes retention and/or motivates performance by the executive. Base salaries, perquisites and personal benefits, and severance and other termination benefits are primarily intended to attract and retain highly qualified executives. We believe that in order to attract and retain top executives, we need to provide them with compensation levels that reward their continued productive service. Annual incentive bonuses are primarily intended to motivate our executive officers to achieve specific strategies and operating objectives, although we believe they also help us to attract and retain top executives. We may also provide discretionary bonuses to our executives to incentivize or reward for them for performance resulting in significant benefit to the Company or its stockholders. Our long-term equity incentives are primarily intended to align executive officers' long-term interests with stockholders' long- term interests, although we believe they also play a role in helping us to attract and retain top executives. Annual bonuses and stock option or restricted stock grants are the elements of our executive compensation program designed to reward performance and thus the creation of stockholder value.

We view our current executive compensation program as one in which the individual components combine together to create a total compensation package for each executive officer that we believe achieves our compensation objectives. In determining our current executive compensation program and the amounts of compensation for each component of our program, the Compensation Committee evaluates the current executive compensation data for companies in our industry. The Compensation Committee believes that our current executive compensation program is appropriate based on the evaluation of the compensation paid by companies in our industry for similarly situated employees.

Role of Compensation Committee and Executive Officers in Compensation Decisions

The role of our Compensation Committee is to oversee our compensation programs and retirement plans and policies and review and approve all compensation decisions relating to the Company's Named Executive Officers, including our Chief Executive Officer. Our Compensation Committee reviews, and in consultation with the entire Board of Directors and our Chief Executive Officer (other than with respect to his own compensation), makes all compensation decisions for the Named Executive

Officers. The Compensation Committee reviews and recommends the annual compensation package of our Chief Executive Officer, the adoption of which requires the approval of the independent members of the Board of Directors.

Our Compensation Committee intends to meet with our Chief Executive Officer at least annually to review the performance of the other executive officers, receive the recommendations of the Chief Executive Officer on the executive officers' compensation and approve their annual compensation packages. This meeting is intended to include a review by the Chief Executive Officer of the performance of each Named Executive Officer who reports directly to our Chief Executive Officer.

Setting Executive Compensation

In furtherance of the philosophy and objectives described above, in setting compensation for our executive officers, our Compensation Committee considered data obtained from the consulting firm of Pearl Meyer & Partners, in addition to other factors, to assess competitive pay levels and establish compensation targets for base salary, annual incentives and long-term incentives. The data from the Pearl Meyer & Partners surveys reflects compensation practices of companies in the education industry with annual revenue and free cash flow that are comparable to our own, and includes data for executives with responsibilities cutting across the entire enterprise ("Survey Group").

Base Salary

We provide our executive officers and other employees with a base salary designed to compensate them for the day-to-day services rendered to us during the fiscal year. Our Compensation Committee reviews each executive officer's salary and performance annually. Market data from the Survey Group is used to determine base salary ranges for our executive officers based on the position and responsibility. An executive officer's actual salary relative to this competitive salary range varies based on the level of his or her responsibility, experience, individual performance and internal pay-equity considerations. Specific salary increases take into account these factors and the current market for management talent. Salary increases are considered by the Compensation Committee each year.

Annual Incentive Compensation

We have an Executive Incentive Plan (the "Bonus Plan") for our executive officers and other participating employees. The Bonus Plan, administered by the Compensation Committee, provides that the Compensation Committee will determine the total amount of performance incentive bonuses to be paid to participants under the Bonus Plan. Bonuses are based upon specific measures of our financial performance and achievement of each participant's agreed upon annual goals.

Specifically, the Bonus Plan provides for target bonuses as a percent of each participant's yearly salary. The target bonuses for our executive officers are as follows:

Chief Executive Officer — 50%

Senior Executive Officers — 50%

Vice Presidents and key employees — 20% to 50%, as specified.

Junior employees may participate in the plan as designated.

Payouts under the Bonus Plan are subject to the approval of the Compensation Committee following the finalization of our annual financial results and are based upon the following metrics: (i) Total Annual Cash Sales, (ii) Overall Adjusted EBITDA, (iii) increase in Adjusted EBITDA and (iv) achievement of the participant's individual goals.

Equity Incentive Compensation

The Company's 2015 Incentive Plan was approved by the stockholders at our annual meeting of stockholders on July 16, 2015. The 2015 Incentive Plan reserves 5,000,000 shares of our Common Stock for stock options, restricted stock, and a variety of other types of equity awards. We believe that long-term incentive compensation programs align the interests of management, employees and the stockholders to create long-term stockholder value. We believe that equity based incentive compensation plans, such as the Incentive Plan, increase our ability to achieve this objective, and, by allowing for several different forms of long-term equity based incentive awards, help us to recruit, reward, motivate and retain talented employees and other service providers. The text of the 2015 Incentive Plan is included in the attachment marked as Appendix B to the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on June 16, 2015.

Discretionary Performance Bonuses

In addition to compensation available under the Bonus Plan, which are intended to compensate executives based upon specific measures of our financial performance and achievement of each participant's agreed upon annual goals, we may also provide, on a case by case basis, discretionary transaction bonuses to executives who have accomplished goals or results of significant benefit to the Company or its stockholders not included in the Bonus Plan. Payment of such Discretionary Performance Bonuses are subject the approval of the Compensation Committee and ratification by the full Board.

Deferred Compensation Plans

We do not have a deferred compensation plan.

Retirement Benefits

We have a 401(k)-employee savings plan for eligible employees that provides for a matching contribution from us, determined each year at our discretion. The Company made matching contributions in 2020.

Medical, Dental, Life Insurance and Disability Coverage

We provide other benefits such as medical, dental and life insurance, and disability coverage to each Named Executive Officer in benefits plans that are also provided to all eligible U.S. based salaried employees. Eligible employees can purchase additional life, dependent life and accidental death and dismemberment coverage as part of their employee benefits package.

Deductibility of Executive Compensation

The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for tax years beginning after December 31, 2017, such that compensation paid to our covered executive officers in excess of $1.0 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. Due to the ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will.

For 2020, the annual salary paid to any of our Named Executive Officers did not exceed $1.0 million. Restricted stock granted under the terms of long-term incentives are exempt as performance-based compensation for purposes of calculating the $1.0 million limit. To maintain flexibility in compensating the Named Executive Officers in a manner designed to promote varying corporate goals, the Compensation Committee reserves the right to recommend and award compensation that is not deductible under Section 162(m).

Executive Compensation Tables

The following table sets forth information regarding compensation earned by, awarded to or paid to our Named Executive Officers during the two fiscal years ended December 31, 2020 and 2019:

Summary Executive Compensation Table
For the Years Ended December 31, 2020(1) and 2019

Name and Principal Position	Year	Salary(1) ($)	Bonus(1) ($)	Stock Awards(2)(3) ($)	Other(4) ($)	Total ($)
James E. May	2020	188,792	—	—	17,904	206,696
General Counsel (since 03/08/2021)	2019	289,787	—	6,148	25,813	321,748
Chief Executive Officer						
(06/07/2019 - 03/08/2021)						
Interim Chief Executive Office						
(01/15/2019 - 06/07/2019)						
Vanessa Guzmán-Clark	2020	145,384	—	—	15,277	160,661
Vice President and Chief Financial Officer	2019	138,539	—	3,600	16,811	158,950
(since 10/01/2019)						
Senior Corporate Controller						
(01/28/2019 - 10/01/2019)						
Anthony C. Humpage (through 01/15/2019)	2020(5)	17,308	—	—	8,440	25,748
Chief Executive Officer and Director	2019	378,451	—	22,588	28,956	429,995
Iain Edwards(6) (through 11/26/2019)						
Co-President	2019	164,840	—	6,148	17,308	188,296
Martin Foster(6) (through 11/26/2019)						
Co-President	2019	179,284	—	6,148	18,825	204,257

(1) Due to the financial conditions of the company during each of the years presented above, and the impact of COVID-19 on the business, no bonuses were either accrued or paid to executive management. Commencing with the second quarter of 2020, executive management self-imposed a voluntary reduction of its salary for the year ended December 31, 2020.
(2) The Company's 2015 Equity Plan (the "2015 Incentive Plan") was approved by the stockholders at our annual meeting of stockholders on July 16, 2015. The 2015 Incentive Plan reserves 5,000,000 shares of our Common Stock for stock options, restricted stock, and a variety of other types of equity awards. The text of the 2015 Incentive Plan is included in the attachment marked as Appendix B to the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on June 16, 2015. The financial activity pertaining to our employees and directors under the 2015 Incentive Plan is reflected in our consolidated financial statements presented herein.
(3) Stock awards are valued based on the closing price per share on the grant date.
(4) Includes 401(k) match, employer portion of employee's health, vision, dental and life insurance benefits paid by the Company as part of the Company's Employee Benefits Programs.
(5) Wages paid during 2020 pertain to Separation Agreement. See *"Executives Employment Agreements".*
(6) Salary and Bonus were paid in GBP, the USD values are based on an average conversion rate for the year ended December 31, 2019.

As of December 31, 2020, there were no outstanding option awards for any of our Named Executive Officers.

Potential Payments Upon Termination or Change in Control

The employment agreement with our Chief Executive Officer provides for payments upon termination without "cause", as defined in the agreement, of six months base salary. Upon termination of the CEO's employment without Cause within 18 months following a Change in Control (as such terms are defined in the agreement,) the CEO shall receive amounts earned by him but not yet paid as of the termination date, and one year of base salary.

The employment agreement with our Chief Financial Officer provides for payments upon termination without "cause", as defined in the agreement, of six months base salary. Upon termination of the CEO's employment without Cause within 18 months following a Change in Control (as such terms are defined in the agreement,) the CFO shall receive amounts earned by her but not yet paid as of the termination date, and one year of base salary.

The employment agreement with our General Counsel provides for payments upon termination without "cause", as defined in the agreement, of six months base salary. Upon termination of the General Counsel's employment without Cause within 18 months following a Change in Control (as such terms are defined in the agreement,) the General Counsel shall receive amounts earned by him but not yet paid as of the termination date, and one year of base salary.

Our Named Executive Officers have also signed confidentiality and non-competition agreement that applies for certain time periods following the employee's termination of employment for any reason. The non-competition time period after termination of employment is generally one to two years.

DIRECTOR COMPENSATION

On at least an annual basis, the Nominating and Corporate Governance Committee reviews overall board of director's compensation. Any changes made to Board compensation as a result of these reviews requires full Board ratification. We use a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board of Directors. In setting director compensation, we consider the significant amount of time that directors expend in fulfilling their duties to the

Company as well as the skill-level required of members of the Board.

Our employee directors do not receive any additional compensation for serving on the Board. During 2020, our only employee director was James E. May.

In addition to receiving quarterly retainers, directors have been generally eligible to receive sign-on and annual equity awards through stock or options. We have adopted an equity incentive plan that was approved by the stockholders at our annual meeting of stockholders on July 16, 2015 for equity-based incentives under the Company's 2015 Equity Plan (the "2015 Incentive Plan").

Total compensation attributable to each non-employee director during 2020, which excludes reimbursable expenses, was as follows:

Name	Fees earned or paid in cash ($)	Stock awards(1)(2) ($)	Total ($)
Anthony C. Humpage	22,500	—	22,500
Peter Harper	60,125	4,662	64,787
Cary W. Sucoff	60,125	4,662	64,787

(1) Each non-employee director has been granted restricted shares of common stock at varying times, half of which vest each year over a period of two years from the grant date.
(2) Stock awards are valued based on the closing price per share on the grant date.

Compensation Committee Report

We, the members of the Compensation Committee, have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this annual report on Form 10 for the year ended December 31, 2020.

The Compensation Committee

Peter W. Harper, *Chair*

Cary W. Sucoff

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership Information

The following table sets forth the beneficial common stock ownership as of April 9, 2021 (i) of each person or entity known by us to be the beneficial owner of five percent or more of our common stock, (ii) by each of our directors, Named Executive Officers and nominee for director and (iii) by all directors and executive officers as a group.

As used herein, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Securities Exchange Act of 1934 as consisting of sole or shared voting power (including the power to vote or direct the vote) and/or sole or shared investment power (including the power to dispose or direct the disposition of) with respect to the security through any contract, arrangement, understanding, relationship or otherwise, including a right to acquire such power(s) during the next 60 days.

Unless otherwise noted, beneficial ownership consists of sole ownership, voting and investment rights. This table is based upon information supplied to us by our Named Executive Officers, directors and principal stockholders and/or contained in reports filed by these persons with the SEC.

Name	Amount of Beneficial Ownership of Common Stock	Percent of Common Stock(1)
James E. May	566,769	2.43%
Cary W. Sucoff(2)	555,250	2.39%
Peter W. Harper(2)	346,717	1.49%
Vanessa Guzmán-Clark	20,000	*
All directors and executive officers as a group	1,488,736	6.40%
Other owners of more than 5% of outstanding Common Stock		
Anthony C. Humpage(3)	3,969,312	17.05%
Pemberton Holdings, LLC(3)	2,842,819	12.21%
Day One, LLC(4)	2,411,368	10.36%
Ingrid Whitney(5)	2,279,799	9.79%
David S. Nagelberg(6)	2,269,254	9.75%
Ibex Microcap Fund, LLLP(7)	1,344,427	5.78%
Ibex Investors, LLC(7)	1,344,427	5.78%
Ibex Investment Holdings, LLC(7)	1,344,427	5.78%
Justin B. Borus(7)	1,351,234	5.80%
International Securities 3, LLC(5)	397,310	1.71%
McDowell Sonoran, LLC(3)	196,000	*

* Less than 1%
(1) Based on 23,279,197 shares of Common Stock issued and outstanding as of March 31, 2021.
(2) Includes awards of restricted common shares for independent director services held in escrow one half of which vest each year over a period of two years from the grant date but which may be voted in the interim."

(3) The shares of Pemberton Holdings, LLC and McDowell Sonoran LLC are beneficially owned by Anthony C. Humpage. The address of Pemberton Holdings LLC and McDowell Sonoran LLC is 3225 McLeod Drive, Suite 100, Las Vegas, NV 89121.

(4) Based on information available from the Company's Record Shareholder list as of April 9, 2021. Upon information and belief, the shares of Day One, LLC and International Securities 3, LLC are beneficially owned by Russell A. Whitney. The address of Day One LLC and International Securities 3 LLC is 4818 Coronado Parkway, Cape Coral, FL 33904.

(5) Upon information and belief based on information available from the Company's Record Shareholder list as of April 9, 2021. The address of Ingrid Whitney is 232 Bayshore Dr, Cape Coral, FL 33904.

(6) The address of David Nagelberg is c/o Thompson Hine LLP, 335 Madison Avenue, 12th Floor, New York, New York, 10017.

(7) Based on the Schedule 13G jointly filed by Justin B. Boris, Ibex Investors LLC, Ibex Microcap Fund LLLP and Ibex Investment Holdings LLC on 1/15/2021. The address of each reporting person is c/o Ibex Investors LLC, 260 N. Josephine, Suite 300, Denver, Colorado 80206.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Person Transactions Policy

Our Board has adopted a written policy for the review and the approval or ratification of any related person transaction. Under the policy, a "related person" is any (1) director, nominee for director or executive officer of the Company and any Immediate Family Member of such person, and (2) any holder of 5% or more of any class of outstanding equity securities of the Company and any Immediate Family Member such person. The policy defines an "Interested Transaction" is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may reasonably be expected to exceed $120,000 in any calendar year, (2) the Company or its subsidiaries or affiliates is a participant, and (3) any Related Person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity).

The policy requires the Audit Committee to review the material facts of all Interested Transactions that require the Committee's approval and either approve or disapprove of the entry into the Interested Transaction, subject to certain exceptions described in the Policy.

Since January 1, 2020, there have been no transactions between the Company and its executive officers, directors, nominees, principal stockholders and other related parties involving amounts in excess of $120,000. There are currently no proposed transactions of the type mentioned in the preceding sentence.

Director Independence

The Board of Directors has determined that, during 2020, each of our directors, except James E. May, our former Chief Executive Officer, and Anthony Humpage our former Chairman of the Board, qualified as an "independent director". Currently, our independent directors are Peter W. Harper and Cary W. Sucoff. Because our Common Stock is not currently listed on a national securities exchange, we have used the definition of independence of The NASDAQ Stock Market to make this determination. NASDAQ Listing Rule 5605(a)(2) provides that an independent director is a person other than an officer or employee of the Company or any other individual having a relationship with the Company that, in the opinion of the Company's Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ listing rules provide that a director cannot be independent if:

- The director is, or at any time during the past three years was, an employee of the Company;
- The director or a family member of the director accepted any compensation from the Company in excess of $120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);
- A family member of the director is, or at any time during the past three years was, an executive officer of the Company;
- The director or a family member of the director is a partner in, controlling stockholder of, or an executive officer of an entity to which the Company made, or from which the Company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or $200,000, whichever is greater (subject to certain exclusions);
- The director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of the Company served on the compensation committee of such other entity; or
- The director or a family member of the director is a current partner of the Company's outside auditor, or at any time during the past three years was a partner or employee of the Company's outside auditor, and who worked on the Company's audit.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The Audit Committee of our Board of Directors has appointed MaloneBailey LLP ("MaloneBailey") as our independent registered public accounting firm for our fiscal year ended December 31, 2020. Services provided to Legacy Education Alliance, Inc. by MaloneBailey for fiscal year 2020 are described under "*Fees to Independent Registered Public Accounting Firm for Fiscal Years 2020*" below.

	Years ended December 31, 2020	Years ended December 31, 2019
	(in thousands)	
Audit fees – MaloneBailey LLP (1)	$ 140	$ 273
Audit fees – Crowe Horwath LLP	—	51
Tax fees – Baker Tilly LLP (2)	214	37
Tax fees – Hacker Johnson & Smith PA (1)	30	—
Tax fees – Crowe Horwath LLP (2)	1	47

Total fees	$ 385	$ 408

(1) Audit fees includes approximately $110 thousand of accrued audit fees pertaining to our 2020 fiscal year audit to be billed in 2021 by MaloneBailey LLP. Tax fees includes approximately $23 thousand of tax related fees pertaining to our 2020 fiscal year to be billed in 2020 by Baker Tilly LLP.
(2) Tax fees include fees related to GST or VAT audits in various international markets.

Audit Fees

This category includes the review of three interim quarterly financial statements and the audit of Legacy Education Alliance, Inc.'s annual financial statements, for the twelve-month periods ended December 31, 2020. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements, and the preparation of an annual "management letter" on internal control matters.

Tax Fees

This category consists of fees for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and international tax compliance, return preparation, tax audits and customs and duties.

Audit Committee Report

The Audit Committee operates under a written charter adopted by the Board. The Audit Committee Charter is available on our website at the "Governance Docs" link under the "Corporate Governance" link under the "Investors" tab at *www.legacyeducationalliance.com*. The purpose of the Audit Committee is to assist the Board in fulfilling its responsibility to oversee the quality and integrity of the accounting, auditing, and reporting practices of the Company. The Committee also oversees the Company's systems of internal controls regarding finance, accounting, information technology, legal and regulatory compliance and ethical behavior, the audits of the Company's financial statements, the qualifications of the accounting firm engaged as the Company's independent auditor, and the performance of the Company's independent auditors. The Audit Committee has the sole authority and responsibility to appoint, compensate, evaluate and, when appropriate, replace the Company's independent auditor. In making such determinations, the Audit Committee considers, among other things, the recommendations of management of the Company. The Board has determined that all of the Audit Committee's members are independent under the applicable independence standards of the Exchange Act.

The Audit Committee serves in an oversight capacity and is not part of the Company's managerial or operational decision-making process. Management is responsible for the financial reporting process, including the system of internal controls, and the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States. The Company's independent auditor, MaloneBailey, LLP, is responsible for auditing those financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States and expressing an opinion on the effectiveness of the Company's internal control over financial reporting. The Audit Committee's responsibility is to oversee the financial reporting process and the Company's internal control over financial reporting. The Audit Committee relies, without independent verification, on the information provided to it and on the representations made by management, the internal auditor and the independent auditor.

The Audit Committee held six meetings during 2020 and met in 2021 to discuss the Company's financial statements for the year ended December 31, 2020. With respect to the year ended December 31, 2020, the Audit Committee, among other things:

- reviewed and discussed the Company's quarterly and fiscal year earnings releases;
- reviewed and discussed (i) the quarterly unaudited consolidated financial statements and related notes and (ii) the audited consolidated financial statements and related notes for the year ended December 31, 2020 with management and MaloneBailey, LLP;
- reviewed and discussed the annual plan and scope of work of the internal auditor and summaries of significant reports to management by the internal auditor;
- met with MaloneBailey, LLP, the internal auditor, and Company management in executive sessions;
- reviewed and discussed certain critical accounting policies; and
- reviewed business and financial market conditions, including an assessment of risks posed to the Company's operations and financial condition.

The Audit Committee discussed with MaloneBailey, LLP matters that independent registered public accounting firms must discuss with audit committees under generally accepted auditing standards and standards of the Public Company Accounting Oversight Board, including, among other things, matters related to the conduct of the audit of the Company's consolidated financial statements and the matters required to be discussed by Public Company Accounting Oversight Board AU 380 (Communications with Audit Committees). These reviews included discussions with management and the independent auditor of the quality (not merely the acceptability) of the Company's accounting principles, the reasonableness of significant estimates and judgments, and the disclosures in the Company's consolidated financial statements, including the disclosures relating to critical accounting policies.

MaloneBailey, LLP also provided to the Audit Committee the written disclosures and the letter required by applicable requirements of PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, regarding its communications with the Audit Committee concerning independence, and represented that it is independent from the Company. The Audit Committee discussed with MaloneBailey, LLP their independence from the Company and considered if services they provided to the Company beyond those rendered in connection with their audit of the Company's consolidated financial statements, and reviews of the Company's interim condensed consolidated financial statements included in its Quarterly Reports on Form 10-Q compromise independence.

During 2020, the Audit Committee received regular updates on the amount of fees and scope of audit and audit-related services provided. In addition, the Audit Committee reviewed and approved audit and non-audit services provided by MaloneBailey, LLP pursuant to the preapproval policies and procedures set forth in the Audit Committee Charter related to the provision of audit and non-audit services by the independent auditors.

Based on the Audit Committee's review and these meetings, discussions and reports discussed above, and subject to the limitations on our role and responsibilities referred to above and in the Audit Committee charter, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

The Audit Committee

Peter W. Harper, *Chair*

Cary W. Sucoff

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Title	Method of filing
2.1	Agreement and Plan of Merger, dated as of November 10, 2014, by and among Priced In Corp., Priced in Corp. Subsidiary, Tigrent Inc. and Legacy Education Alliance Holdings, Inc.	Incorporated by reference to Exhibit 2.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.
2.2	Elite Legacy Education UK LTD, Proposal for Company Voluntary Arrangement	Incorporated by reference to Exhibit 99.1 in the Company's Form 8-K filed with the SEC on January 15, 2021.
3.1	Second Amended and Restated Articles of Incorporation of the Registrant	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.
3.2	Certificate of Designation of Registrant	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on February 17, 2017.
3.3	Bylaws of the Registrant	Incorporated by reference to Exhibit 3.2 in the Company's Form 8-K filed with the SEC on November 10, 2014.
3.4	Amendment to Bylaws of Registrant	Incorporated by reference to Exhibit 3.2 in the Company's Form 8-K filed with the SEC on February 17, 2017.
3.5	Amendment to Bylaws of the Registrant	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on January 12, 2018.
4.1	Rights Agreement dated as of February 16, 2017, between Legacy Education Alliance, Inc. and VStock Transfer, LLC, which includes the Form of Certificate of Designation of Series A Junior Participating Preferred Stock as Exhibit A, the Form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C.	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on February 17, 2017.
4.2	Amendment to Rights Agreement dated as of November 12, 2018, between Legacy Education Alliance, Inc. and VStock Transfer, LLC	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on November 16, 2018.
4.3	Amendment to Rights Agreement dated as of February 11, 2021, between Legacy Education Alliance, Inc. and Broadridge Corporate Issuer Solutions, Inc.	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on February 12, 2021.
4.4	Assumption Agreement dated November 25, 2019, between Legacy Education Alliance, Inc. and Broadridge Corporate Issuer Solutions, Inc.	Incorporated by reference to Exhibit 4.2 in the Company's Form 10-K filed with the SEC on April 15, 2019.
4.5	Description of Registered Securities	Incorporated by reference to the Company's Form S-1/A filed with the SEC on March 25, 2013.
10.1	Bill of Sale, Assignment and Assumption Agreement dated as of September 10, 2014, by and between Tigrent Inc. and Legacy Education Alliance Holdings, Inc.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.
10.2	Form of Indemnification Agreement	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on November 10, 2014.
10.3	Employment Agreement, dated September 1, 2017, by and between Legacy Education Alliance, Inc., and James E. May.	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on September 6, 2017.
10.4	Employment Agreement, dated March 18, 2020, by and between Legacy Education Alliance, Inc., and Vanessa Guzmán-Clark.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on March 20, 2020.
10.5	Royalty Payment Agreement dated March 15, 2013 [1]	Incorporated by reference to Exhibit 10.5 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.
10.6	License Agreement with Rich Dad Operating Company, LLC, dated September 1, 2013 [1]	Incorporated by reference to Exhibit 10.6 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.
10.7	Settlement and Amendment to the 2013 License Agreement, dated April 22, 2014 [1]	Incorporated by reference to Exhibit 10.7 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.
10.8	Second Amendment to Rich Dad Operating Company, LLC License Agreement, dated January 25, 2018. [1]	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on January 29, 2018.
10.9	Mutual Waiver and Release of Claims, dated January 25, 2018.	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on January 29, 2018.
10.10	Talent Endorsement Agreement with Robbie Fowler, dated January 1, 2015	Incorporated by reference to Exhibit 10.9 in the Company's Form 10 filed with the SEC on May 12, 2017.
10.11	Talent Endorsement Agreement with Martin Roberts, dated April 20, 2017.	Incorporated by reference to Exhibit 10.10 in the Company's Form 10 filed with the SEC on May 12, 2017.

Exhibit No.	Title	Method of filing
10.12	2015 Incentive Plan	Incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A for the 2015 Annual Meeting of Stockholders filed with the SEC on June 16, 2015.
10.13	Form of Registration Rights Agreement	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on June 17, 2015.
10.14	Form of Warrant	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on June 17, 2015.
10.15 +	Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (2015 Incentive Plan)	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on July 22, 2015.
	Settlement Agreement and Release dated October 31, 2017 among Elite Legacy Education, Inc.; Rich Dad Education, LLC; and Tigrent Enterprises, Inc. and the other parties thereto.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on November 1, 2017.

10.16	December 23, 2019 Real Estate Education Training Program Development Agreement by and between Legacy Education Alliance Holdings, Inc., and T&B Seminars, Inc.	Incorporated by reference to the Company's Form 10-K filed with the SEC on March 30, 2020.
10.17	Bankruptcy or Receivership of Legacy UK	Incorporated by reference to the Company's Form 10-K filed with the SEC on March 30, 2020.
10.18	Commercial Contract dated July 24, 2020, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.	Incorporated by reference to Exhibit 10.1 in the Company's Form 10-Q filed with the SEC on August 14, 2020.
10.19	First Amendment to Commercial Contract dated August 20, 2020, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-k filed with the SEC on August 20, 2020.
10.20	Second Amendment to Commercial Contract dated September 24, 2020, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on September 29, 2020.
10.21	Promissory Note and Mortgage, Assignment of Rents and Security Agreement, dated August 6, 2020, by and between 1612 E. Cape Coral Parkway Holding Co., LLC and Northern Equity Group, Inc., JKH Ventures, Inc., and Donald Ross, LLC.	Incorporated by reference to Exhibit 10.2 in the Company's Form 10-Q filed with the SEC on August 14, 2020.
10.22	Senior Secured Convertible Debenture Agreement dated March 8, 2021	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.23	Form of Guaranty	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.24	Form of Warrant	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.25	Employment Agreement dated March 9, 2021, between Legacy Education Alliance, Inc., and Michel Botbol	Incorporated by reference to Exhibit 10.4 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.26	Non-Binding Term Sheet, dated February 11, 2021	Incorporated by reference to Exhibit 10.5 in the Company's Form 8-K filed with the SEC on March 12, 2021.
14.1	Code of Business Conduct and Ethics	Incorporated by reference to Exhibit 14.1 in the Company's Form 10-K filed with the SEC on March 28, 2016.
21.1	List of Subsidiaries	Filed herewith.
31.1	Section 302 Certification by the Chief Executive Officer	Filed herewith.
31.2	Section 302 Certification by the Executive Vice President and Chief Financial Officer	Filed herewith.
32.1	Section 906 Certification of the Chief Executive Officer	Filed herewith.
32.2	Section 906 Certification of the Executive Vice President and Chief Financial Officer	Filed herewith.
101.INS	XBRL Instance Document	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.

\+ Executive management contract or compensatory plan or arrangement.

(1) Portions of this exhibit have been omitted pursuant to a request for confidential treatment.
(2) Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K for the fiscal year ended December 31, 2020 to be signed on its behalf by the undersigned, thereunto duly authorized.

LEGACY EDUCATION ALLIANCE, INC.

By: /s/ MICHEL BOTBOL
Michel Botbol
Chairman of the Board and Chief Executive Officer

Dated: April 9, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on our behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ MICHEL BOTBOL Michel Botbol	Chairman of the Board and Chief Executive Officer	April 9, 2021
/s/ VANESSA GUZMÁN-CLARK Vanessa Guzmán-Clark	Chief Financial Officer	April 9, 2021
/s/ CARY W. SUCOFF Cary W. Sucoff	Director	April 9, 2021
/s/ PETER W. HARPER Peter W. Harper	Director	April 9, 2021

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Exchange Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Exchange Act

No annual report to security holders covering the Company's last fiscal year has been sent as of the date of this report. No proxy statement, form of proxy, or other proxy soliciting material relating to the Company's last fiscal year has been sent to any of the Company's security holders with respect to any annual or other meeting of security holders. If such report or proxy material is furnished to security holders subsequent to the filing of this Annual Report on Form 10-K, the Company will furnish copies of such material to the Commission at the time it is sent to security holders.

Exhibit 21.1

List of Subsidiaries

Domestic Subsidiaries	Jurisdiction of Formation
Legacy Education Alliance Holdings, Inc.	Colorado
Elite Legacy Education, Inc.	Florida
SCB Building LLC	Florida
Speaker Services of America Inc.	Florida
Tigrent Learning Inc.	Florida
Tigrent Enterprises Inc.	Nevada
LEA Brands Inc.	Colorado
LEAI Properties, Inc.	Nevada
Legacy Events, Inc.	Florida
1612 E. Cape Coral Parkway Holding Co., LLC.	Florida

Foreign Subsidiaries	Jurisdiction of Formation
Rich Dad Education Ltd. (Canada)	Canada
Elite Legacy Education Ltd. (UK)	United Kingdom
Tigrent Learning Canada, Inc.	Canada
Legacy Education Alliance International Ltd.	United Kingdom
Tigrent South Africa Pty. Ltd	South Africa
Legacy Education Alliance Hong Kong Limited	Hong Kong
Whitney International (Singapore) PTE. LTD	Singapore
Legacy Education Alliance Australia (PTY) LTD	Australia
LEAI Properties UK Ltd.	United Kingdom
LEAI Property Development UK Ltd.	United Kingdom
LEAI Property Investment UK Ltd.	United Kingdom
Legacy Education Alliance UK Ltd	United Kingdom

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michel Botbol, certify that:

1. I have reviewed this Form 10-K of Legacy Education Alliance Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHEL BOTBOL

Michel Botbol
Chairman of the Board and
Chief Executive Officer

April 9, 2021

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Vanessa Guzmán-Clark, certify that:

1. I have reviewed this Form 10-K of Legacy Education Alliance Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ VANESSA GUZMÁN-CLARK

Vanessa Guzmán-Clark
Chief Financial Officer

April 9, 2021

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-K of Legacy Education Alliance, Inc. (the “Company”) for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, James E. May, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHEL BOTBOL

Michel Botbol
Chairman of the Board and
Chief Executive Officer

April 9, 2021

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-K of Legacy Education Alliance, Inc. (the "Company") for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, Vanessa Guzmán-Clark, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ VANESSA GUZMÁN-CLARK
Vanessa Guzmán-Clark
Chief Financial Officer

April 9, 2021

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.