

Greatness Starts Here



We transform organizations by building exceptional leaders, teams, and cultures that get results.



FranklinCovey™



Investor Update

First Quarter
Fiscal Year 2024



Forward-Looking Statements/Non-GAAP



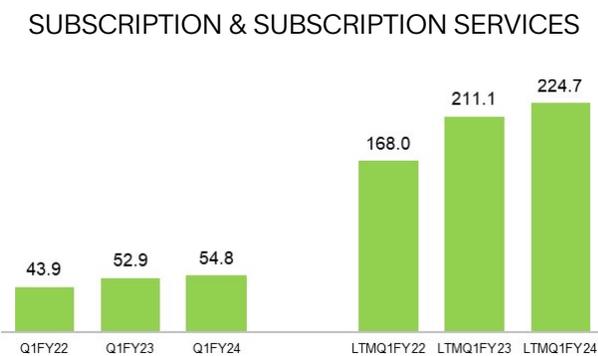
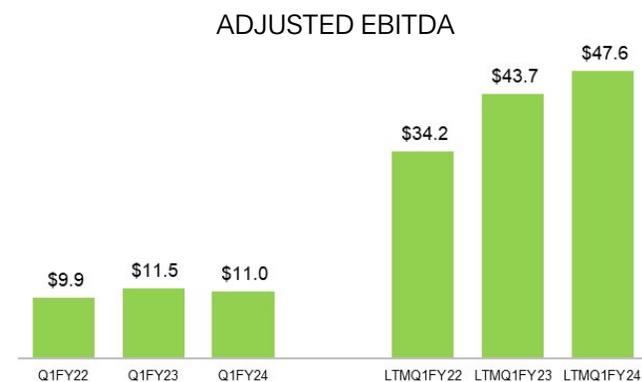
This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon management's current expectations and are subject to various risks and uncertainties including, but not limited to: The ability of the Company to grow revenues; The acceptance of, and renewal rates for our subscription offerings, including the All Access Pass and Leader in Me memberships; The ability of the Company to hire productive sales and other client-facing professionals; General economic conditions; Competition in the Company's targeted marketplace; Market acceptance of new offerings or services and marketing strategies; Changes in the Company's market share; Changes in the size of the overall market for the Company's products; Changes in the training and spending policies of the Company's clients, and other factors identified and discussed in the Company's most recent Annual Report on Form 10-K and other periodic reports filed with the Securities and Exchange Commission. Many of these conditions are beyond our control or influence, any one of which may cause future results to differ materially from the Company's current expectations, and there can be no assurance the Company's actual future performance will meet management's expectations. These forward-looking statements are based on management's current expectations, and we undertake no obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of today's presentation, except as required by law.

The Securities and Exchange Commission's Regulation G applies to any public disclosure or release of material information that includes a non-GAAP financial measure. In the event of such a disclosure or release, Regulation G requires: (i) the presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP and (ii) a reconciliation of the differences between the non-GAAP financial measure presented and the most directly comparable financial measure calculated and presented in accordance with GAAP. The required presentations and reconciliations are contained herein and can be found at our website at www.franklincovey.com.

Franklin Covey uses the non-GAAP financial measure "earnings before interest, taxes, depreciation and amortization" ("EBITDA") to assess the operating results and effectiveness of the Company's ongoing training and consulting business. In addition, the Company also uses the non-GAAP financial measure "Adjusted EBITDA" as a representation of the Company's operating performance. Adjusted EBITDA is defined as pre-tax net income (loss), plus depreciation and amortization, net interest income (expense), and special charges, such as the gain on the sale of the Japan Products division in Fiscal 2010, restructuring costs, and asset impairment changes. The Company finds these non-GAAP financial measures to be useful when evaluating its operating and financial performance. These non-GAAP financial measures may not be comparable to similar measures used by other companies and should not be used as a substitute for revenue, net income (loss) or other GAAP operating measures.

FranklinCovey Highlights

(in millions and unaudited)



Note: Adjusted EBITDA and Operating SG&A are non-GAAP financial measures; please see Appendix for additional information. Amounts may not total due to rounding.

Three Key Strengths



STRENGTH 1

**Strong & Strategic
Market Position**

STRENGTH 2

**Strong Revenue
Generating Engine**

STRENGTH 3

**Powerful
Business Model**

Three Key Strengths



STRENGTH 1

**Strong & Strategic
Market Position**

STRENGTH 2

**Strong Revenue
Generating Engine**

STRENGTH 3

**Powerful
Business Model**

Strategic Market Position



Client's Partner of Choice



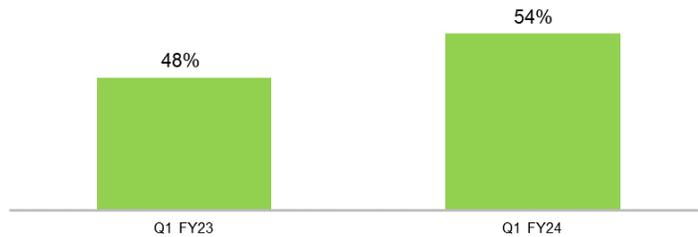
- ✓ Consistently winning new “logos” or clients.
- ✓ Achieving the strong attachment of subscription services to help clients achieve performance breakthroughs.
- ✓ Retaining substantially all our subscription revenue.
- ✓ Increasing our average subscription contract size.
- ✓ Increasing the percent of logos in multi-year contracts.
- ✓ Achieving a high and growing Lifetime Customer Value.

AAP Multi-Year Contracts

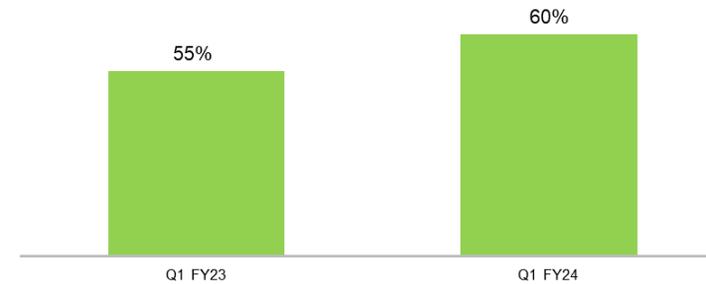
Enterprise North America



% OF LOGOS IN MULTI-YEAR CONTRACTS



% OF REVENUE IN MULTI-YEAR CONTRACTS



Three Key Strengths



STRENGTH 1

**Strong & Strategic
Market Position**

STRENGTH 2

**Strong Revenue
Generating Engine**

STRENGTH 3

**Powerful
Business Model**

Power of Revenue Generating Engine

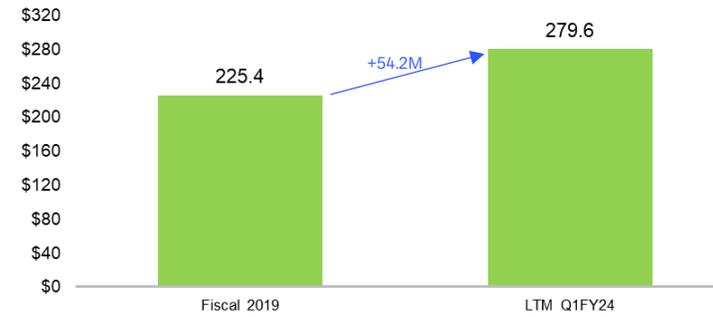
(in millions and unaudited)



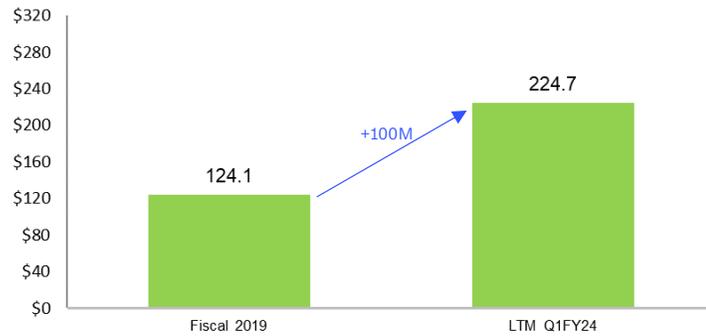
2 YEARS SALES GROWTH



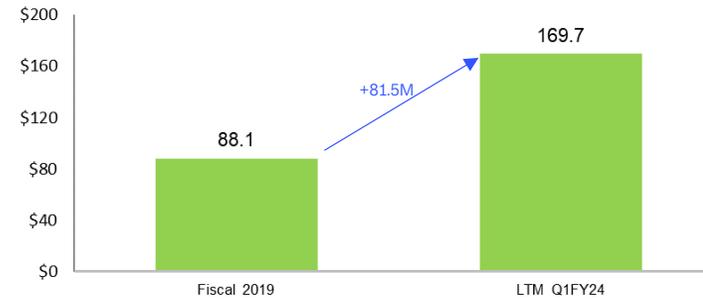
SALES GROWTH FROM PRE-PANDEMIC HIGH



SUBSCRIPTION AND SUBSCRIPTION RELATED



DEFERRED AND UNBILLED DEFERRED SUBSCRIPTION REVENUE



Three Key Strengths



STRENGTH 1

**Strong & Strategic
Market Position**

STRENGTH 2

**Strong Revenue
Generating Engine**

STRENGTH 3

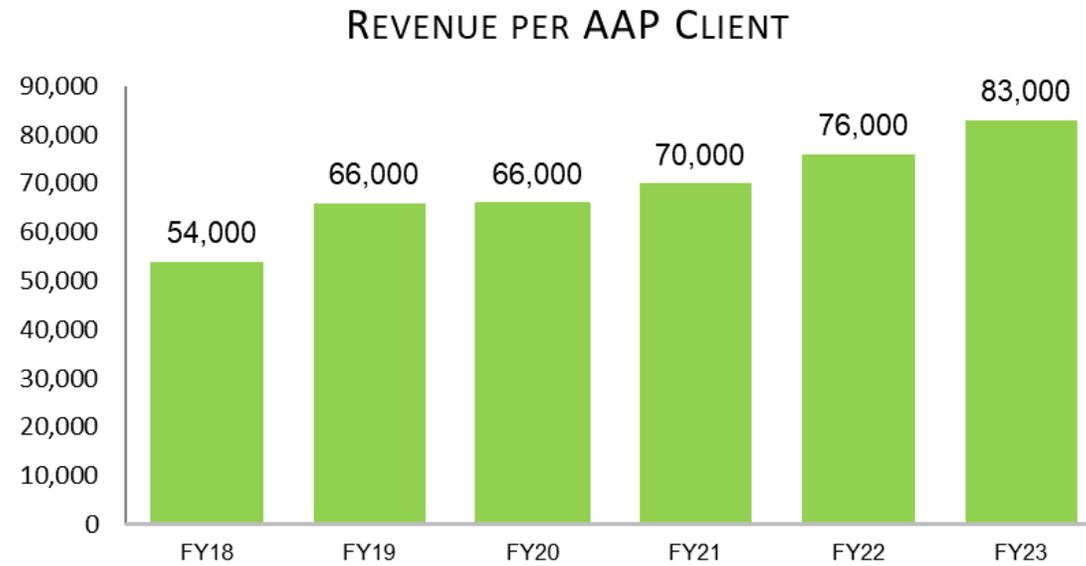
**Powerful
Business Model**

Business Model

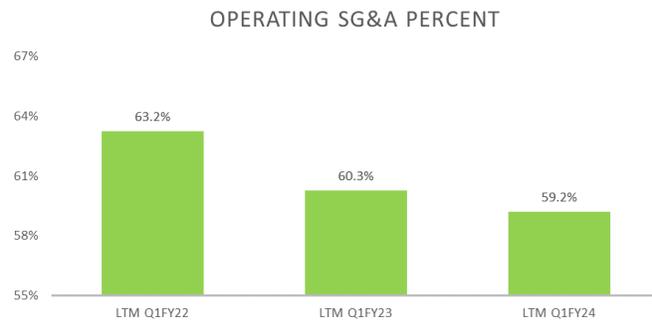
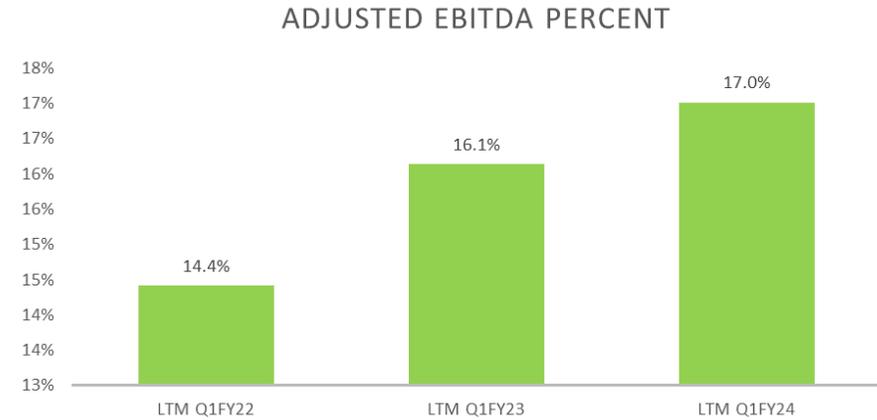
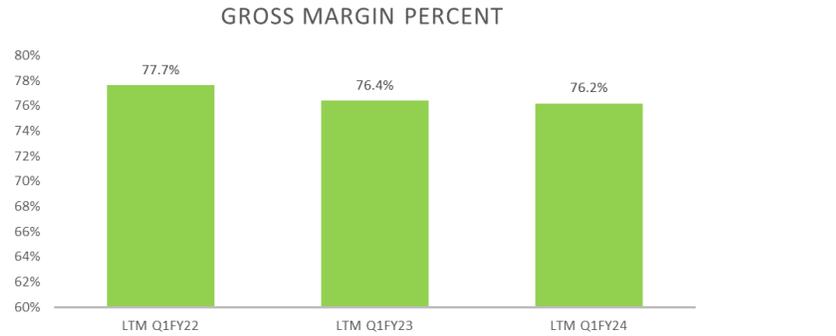


Increasing Revenue per AAP Client

Enterprise North America

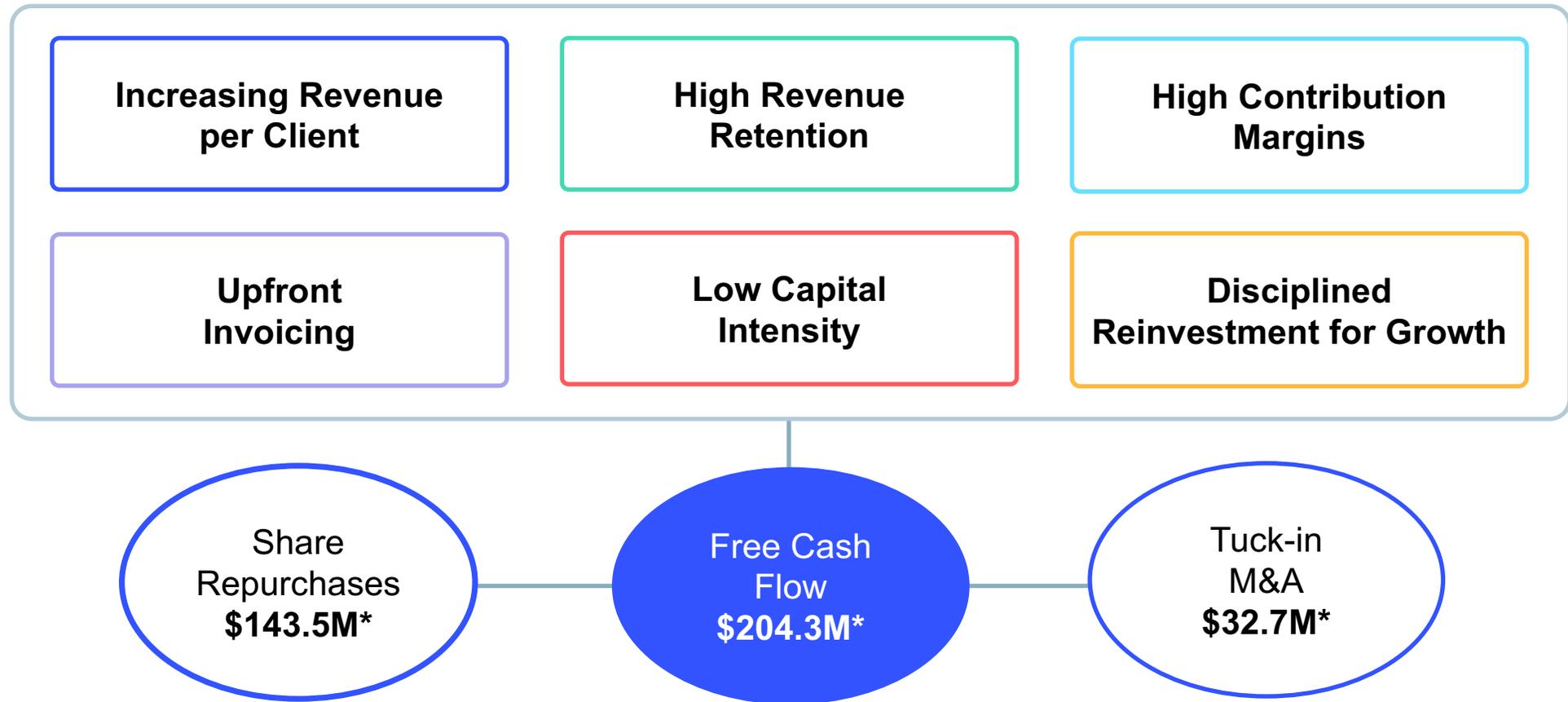


Increasing Adjusted EBITDA Margins



Note: Adjusted EBITDA and Operating SG&A are non-GAAP financial measures; please see Appendix for additional information. Amounts may not total due to rounding.

Business Model



*From FY2016 – Q1FY2024

Enterprise Division - North America

First Quarter and LTM First Quarter FY24 Unaudited



-1%

Revenue

2% LTM 19% L2Y

+0%

**Subscription &
Subscription Services Revenue**

4% LTM 29% L2Y

+7%

Balance Deferred Revenue
(Billed & Unbilled)

60%

**AAP Invoiced Represented by
Multiyear Contracts**

Enterprise Division - International

First Quarter and LTM First Quarter FY24 Unaudited



-7%

Revenue - International Direct

4% LTM 2% L2Y

+3%

**International Licensee Partner
Revenue Growth**

8% LTM 24% L2Y

Education Division

First Quarter and LTM First Quarter FY24 Unaudited



+3%

Revenue Growth

9% LTM 32% L2Y

-1%

**Subscription &
Subscription Services Revenue**

8% LTM 34% L2Y

+29%

Balance Deferred Revenue

(Billed & Unbilled)

~85%

School Retention

(as of August 31, 2023)

Education Division



+\$70M

Revenue Growth

~90%

**Subscription &
Subscription Services Revenue**

Cash Flow from Operating Activities & Free Cash Flow

(in thousands)



	Quarter Ended	
	November 30, 2023	November 30, 2022
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,851	\$ 4,667
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,162	2,338
Amortization of capitalized curriculum costs	691	843
Stock-based compensation	2,897	2,735
Deferred income taxes	(1,048)	393
Change in fair value of contingent consideration liabilities	-	7
Amortization of right-of-use operating lease assets	199	203
Changes in working capital	7,686	(8,169)
Net cash provided by operating activities	17,438	3,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,072)	(1,240)
Curriculum development costs	(2,668)	(974)
Net cash used for investing activities	(3,740)	(2,214)
FREE CASH FLOW	\$ 13,698	\$ 803



Appendix

Other Information



OTHER INCOME STATEMENT INFORMATION:

- Depreciation: \$4.3M in FY2023, expected to total approximately \$5.8M in FY2024.
- Amortization: \$4.3M in FY2023, expected to total approximately \$4.2M in FY2024.
- Net Interest Expense: \$5M in FY2023, expected to total approximately \$5M in FY2024.
- Share-based Compensation, Impaired Assets, Restructuring, Accrued Earnout and Other amounts excluded from Adjusted EBITDA totaling \$13.8M in FY2023; expected to total approximately \$13.7M in FY2024.
- Effective Tax Rate: Our normalized effective tax rate is expected to eventually be 28% to 32%, before unusual permanent book/tax differences. The actual tax rate could be a significantly different percentage, and we are not projecting an FY24 effective rate.

OTHER INFORMATION:

- Capital Expenditures: \$4.5M in FY2023, expected to total approximately \$7.0M to \$9.0M in FY2024.
- Capitalized Curriculum excluding acquired content: \$9.0M in FY2023, expected to total approximately \$6.0M to \$8.0M in FY2024.
- Share Count: 13,276k shares outstanding as of November 30, 2023. The Company's share count may increase due to the vesting and exercise of share-based awards and purchases by Employees under our Employee Stock Purchase Plan and decrease due to the company buying back shares.
- Number of salespersons: 300 on November 30, 2023.
- The impact of FX on Sales and Adjusted EBITDA in Q1FY24 was insignificant.

All the above-mentioned estimates are subject to change, perhaps materially, based on actual events and circumstances in the year.

FranklinCovey Financial Headlines

(in millions and unaudited)



	<u>Q1 FY 24</u>	<u>Q1 FY 23</u>	<u>Chg</u>	<u>%</u>	<u>LTM Q1 FY 24</u>	<u>LTM Q1 FY 23</u>	<u>Chg</u>	<u>%</u>
Sales	\$ 68.4	\$ 69.4	(\$1.0)	-1.4%	\$ 279.6	\$ 271.0	\$ 8.6	3.2%
Cost of Sales	16.1	16.6	(0.5)	-3.0%	66.5	63.9	2.6	4.1%
Gross Profit	52.3	52.7	(0.5)	-0.9%	213.0	207.1	6.0	2.9%
Gross Profit %	76.4%	76.0%	40	bps	76.2%	76.4%	(22)	bps
Operating SG&A	41.3	41.3	0.0	0.1%	165.5	163.3	2.1	1.3%
Operating SG&A %	60.4%	59.5%	(90)	bps	59.2%	60.3%	109	bps
Adjusted EBITDA	\$ 11.0	\$ 11.5	(\$0.5)	-4.4%	\$ 47.6	\$ 43.7	\$ 3.8	8.7%
Adjusted EBITDA %	16.0%	16.5%			17.0%	16.1%	44%	

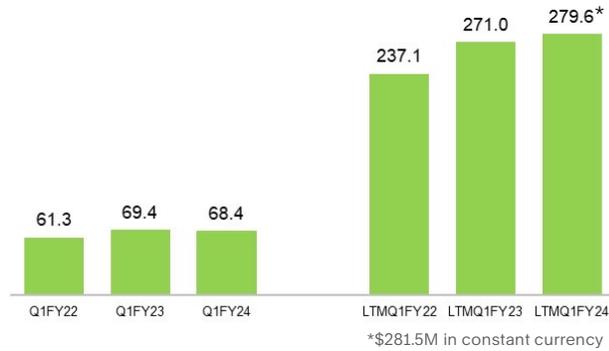
Note: Adjusted EBITDA and Operating SG&A are non-GAAP financial measures; please see Appendix for additional information. Amounts may not total due to rounding.

FranklinCovey Highlights

(in millions and unaudited)



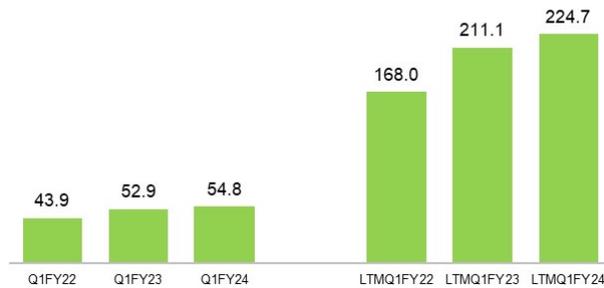
SALES



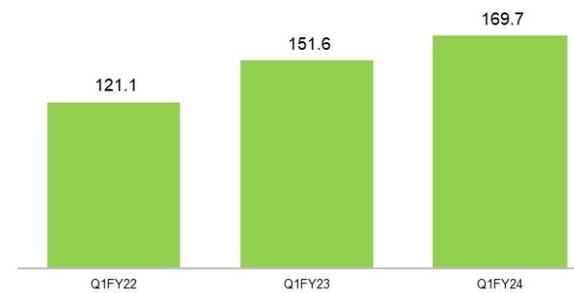
ADJUSTED EBITDA



SUBSCRIPTION & SUBSCRIPTION SERVICES



DEFERRED & UNBILLED DEFERRED SUBSCRIPTION REVENUE



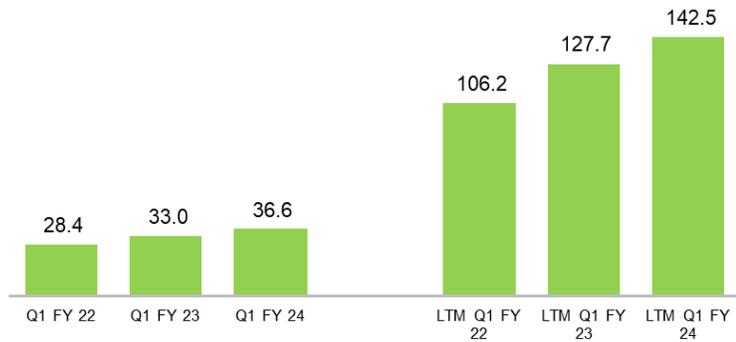
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Trends in the Business

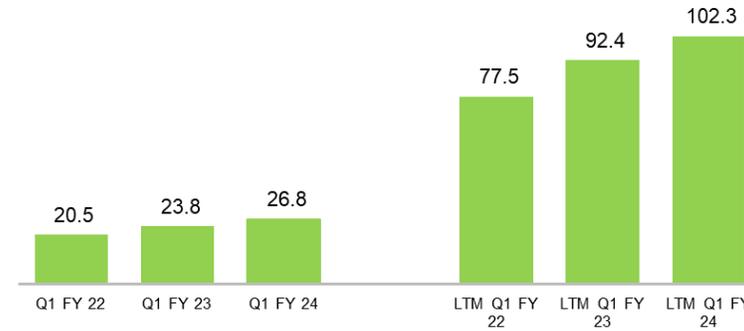
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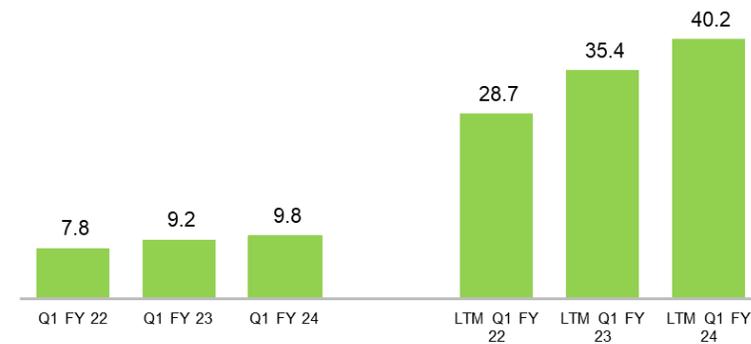
SUBSCRIPTION REVENUE



AAP AND OTHER SUBSCRIPTION REVENUE



EDUCATION SUBSCRIPTION REVENUE



Sales Information

(in millions and unaudited)



	FY 2022					FY 2023					FY 2024
	Q1	Q2	Q3	Q4	FY2022	Q1	Q2	Q3	Q4	FY2023	Q1
Sales											
Reported Net Sales	61.3	56.6	66.2	78.8	262.8	69.4	61.8	71.4	78.0	280.5	68.4
Change in Deferred Revenue	(9.3)	2.6	(1.8)	19.5	11.0	(11.4)	(0.6)	(3.4)	26.3	11.0	(11.9)
Invoiced Amount	52.0	59.2	64.4	98.3	273.9	58.0	61.2	68.1	104.3	291.5	56.5
Balance Sheet											
Roll-Forward of Deferred Subscription Revenue											
Beginning Balance (deferred revenue)	77.0	67.8	70.4	68.5	77.0	88.1	76.7	76.1	72.7	88.1	99.0
Subscription Invoiced	19.1	30.6	28.8	55.6	134.1	21.6	32.3	31.9	64.0	150.0	24.7
Amounts Recorded to Revenue	(28.4)	(28.0)	(30.6)	(36.1)	(123.1)	(33.0)	(32.9)	(35.3)	(37.7)	(139.0)	(36.6)
Change in Deferred Revenue	(9.3)	2.6	(1.8)	19.5	11.0	(11.4)	(0.6)	(3.4)	26.3	11.0	(11.9)
FX, 606, and Other Changes	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (Def Subscription Revenue)	67.8	70.4	68.5	88.1	88.1	76.7	76.1	72.7	99.0	99.0	87.2
Unbilled Deferred Contracts											
Beginning Balance (off balance sheet)	50.4	53.4	49.0	48.0	50.4	65.4	74.9	69.7	68.2	65.4	87.4
New Unbilled Contracts	8.6	9.4	8.0	27.4	53.4	14.7	11.7	8.9	31.9	67.0	31.9
Amounts Invoiced	(5.6)	(13.8)	(9.0)	(10.0)	(38.4)	(5.1)	(16.9)	(10.3)	(12.6)	(45.0)	(11.7)
Ending Balance (off balance sheet)	53.4	49.0	48.0	65.4	65.4	74.9	69.7	68.2	87.4	87.4	82.5
Breakout of Deferred Sales (above)											
Subscription Sales (Invoiced Amounts)											
All Access Pass Subscriptions	16.4	28.2	20.8	26.7	92.1	18.6	28.4	20.8	28.9	96.7	19.4
Education Subscription Contracts	2.5	2.1	7.8	26.9	39.3	2.9	2.6	9.2	32.9	47.6	3.4
Other	0.2	0.3	0.2	2.0	2.7	0.2	1.4	1.9	2.2	5.7	1.9
Total Additions to balance sheet	19.1	30.6	28.8	55.6	134.1	21.6	32.3	31.9	64.0	150.0	24.7

Notes:

- Invoiced Amounts represent the amount billed (invoiced) in the period. The Invoiced Amount is equal to Reported Net Sales, plus the associated change in Deferred Subscription Sales on the balance sheet (adjusted for FX). AAP Subscriptions, Education Memberships, and Other Invoiced Subscriptions are all Invoiced Amounts. Unbilled portions of multi-year agreements are not included.
- The Difference between Change in Deferred Sales, which is added to Reported Net Sales to equal the Invoiced Amount, and the Change in Deferred Sales on the balance sheet is adjustments for FX, acquisitions and other. Q1 of FY2019 also includes the adjustment attributed to the adoption of Topic 606.

- Certain historical amounts have been adjusted to conform with the current presentation.
- Deferred Revenue is primarily a current liability. However, a small portion is long-term and recorded as a part of Other Liabilities. See Notes in the 10-K.
- Education Subscription Contracts consists of membership subscriptions which is recognized as sales over the course of the contract and Consulting which is recognized as sales upon delivery. These combined performance obligations are contracted, invoiced and paid together. See Deferred Subscription Revenue in the Definitions

FranklinCovey Contracts Signed

(in millions and unaudited)



First Quarter	Enterprise Division				Education Division				Corporate			Total Company			
	FY 24	FY 23	Change	%	FY 24	FY 23	Change	%	FY 24	FY 23	Change	FY 24	FY 23	Change	%
Sales	52.6	53.4	(0.9)	-1.6%	14.7	14.4	0.4	2.7%	1.1	1.6	(0.5)	68.4	69.4	(1.0)	-1.4%
Change in Deferred Subscription Revenue	(5.5)	(5.1)	(0.4)	8.2%	(6.4)	(6.3)	(0.1)	1.3%	-	-	-	(11.9)	(11.4)	(0.5)	4.4%
Invoiced Amounts	47.1	48.4	(1.3)	-2.6%	8.4	8.1	0.3	3.9%	1.1	1.6	(0.5)	56.5	58.0	(1.5)	-2.5%
Change in Unbilled Deferred Revenue	(4.9)	9.6	(14.5)		(0.1)	(0.1)	0.0		0.0	(0.0)	0.0	(4.9)	9.6	(14.5)	
Total C contracts Signed	42.2	58.0	(15.8)	-27.2%	8.3	8.0	0.3	4.0%	1.1	1.6	(0.5)	51.6	67.6	(15.9)	-23.6%

LTM First Quarter	Enterprise Division				Education Division				Corporate			Total Company			
	FY 24	FY 23	Change	%	FY 24	FY 23	Change	%	FY 24	FY 23	Change	FY 24	FY 23	Change	%
Sales	204.8	199.7	5.1	2.5%	70.1	64.5	5.6	8.7%	4.6	6.7	(2.1)	279.6	271.0	8.6	3.2%
Change in Deferred Subscription Revenue	2.7	4.6	(1.8)	-40.2%	7.7	4.3	3.4	78.3%	0.0	0.0	-	10.5	8.9	1.6	17.4%
Invoiced Amounts	207.6	204.3	3.2	1.6%	77.9	68.8	9.0	13.1%	4.6	6.7	(2.1)	290.0	279.9	10.2	3.6%
Change in Unbilled Deferred Revenue	7.5	22.2	(14.7)	-66.1%	0.0	(0.6)	0.6	-101.6%	0.0	0.0	(0.0)	7.5	21.6	(14.0)	-65.0%
Total C contracts Signed	215.1	226.5	(11.4)	-5.0%	77.9	68.2	9.7	14.2%	4.6	6.7	(2.1)	297.6	301.4	(3.9)	-1.3%

As of November 30	Enterprise Division				Education Division				Corporate			Total Company			
	FY 24	FY 23	Change	%	FY 24	FY 23	Change	%	FY 24	FY 23	Change	FY 24	FY 23	Change	%
Deferred Subscription Revenue Balance	52.9	50.2	2.7	5.4%	34.3	26.4	7.8	29.5%	-	-	-	87.2	76.7	10.5	13.7%
Unbilled Deferred Revenue Balance	81.7	74.2	7.5	10.2%	0.7	0.7	0.0	1.4%	-	-	-	82.5	74.9	7.5	10.1%
Total	134.7	124.4	10.2	8.2%	35.0	27.2	7.8	28.8%	-	-	-	169.7	151.6	18.0	11.9%

Notes:

- Please compare this information to the Segment Information footnote in Form 10-K.
- Please refer to Definitions in the Appendix for the definition of Deferred Revenue and Unbilled Deferred Revenue.
- May not total due to rounding.

Reconciliation of Net Income to Adjusted EBITDA

(in thousands and unaudited)



	Quarter Ended	
	November 30, 2023	November 30, 2022
Reconciliation of net income to Adjusted EBITDA:		
Net income	\$ 4,851	\$ 4,667
Adjustments:		
Interest expense, net	53	329
Income tax provision	425	1,396
Amortization	1,071	1,092
Depreciation	1,091	1,246
Stock-based compensation	2,897	2,735
Restructuring costs	581	-
Increase in the fair value of contingent consideration liabilities	-	7
Adjusted EBITDA	\$ 10,969	\$ 11,472
Adjusted EBITDA margin	16.0%	16.5%

Note: The term Adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, stock-based compensation, and certain other items) is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. For a reconciliation of this non-GAAP measure to the most comparable GAAP equivalent, refer to the Reconciliation of Net Income (Loss) to Adjusted EBITDA.

Additional Financial Information

(in thousands and unaudited)



	Quarter Ended	
	November 30, 2023	November 30, 2022
Sales by Division/Segment:		
Enterprise Division:		
Direct offices	\$ 49,215	\$ 50,167
International licensees	3,378	3,278
	52,593	53,445
Education Division	14,744	14,350
Corporate and other	1,062	1,574
Consolidated	\$ 68,399	\$ 69,369
Gross Profit by Division/Segment:		
Enterprise Division:		
Direct offices	\$ 39,501	\$ 39,921
International licensees	3,052	2,977
	42,553	42,898
Education Division	9,380	9,175
Corporate and other	344	669
Consolidated	\$ 52,277	\$ 52,742
Adjusted EBITDA by Division/Segment:		
Enterprise Division:		
Direct offices	\$ 11,687	\$ 11,250
International licensees	1,896	1,831
	13,583	13,081
Education Division	42	281
Corporate and other	(2,656)	(1,890)
Consolidated	\$ 10,969	\$ 11,472

Note: The term Adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, stock-based compensation, and certain other items) is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. For a reconciliation of this non-GAAP measure to the most comparable GAAP equivalent, refer to the Reconciliation of Net Income (Loss) to Adjusted EBITDA.

Condensed Consolidated Balance Sheets

(in thousands and unaudited)



	November 30, 2023	August 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 33,959	\$ 38,230
Accounts receivable, less allowance for doubtful accounts of \$3,753 and \$3,790	59,860	81,935
Inventories	4,117	4,213
Prepaid expenses and other current assets	19,306	20,639
Total current assets	117,242	145,017
Property and equipment, net	9,517	10,039
Intangible assets, net	39,443	40,511
Goodwill	31,220	31,220
Deferred income tax assets	1,679	1,661
Other long-term assets	19,721	17,471
	<u>\$ 218,822</u>	<u>\$ 245,919</u>

	November 30, 2023	August 31, 2023
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of notes payable	\$ 4,585	\$ 5,835
Current portion of financing obligation	3,627	3,538
Accounts payable	5,667	6,501
Deferred subscription revenue	83,484	95,386
Other deferred revenue	16,023	12,137
Accrued liabilities	21,300	28,252
Total current liabilities	134,686	151,649
Notes payable, less current portion	1,556	1,535
Financing obligation, less current portion	3,478	4,424
Other liabilities	7,590	7,617
Deferred income tax liabilities	1,011	2,040
Total liabilities	148,321	167,265
Shareholders' equity:		
Common stock	1,353	1,353
Additional paid-in capital	224,701	232,373
Retained earnings	104,653	99,802
Accumulated other comprehensive loss	(936)	(987)
Treasury stock at cost, 13,782 and 13,974 shares	(259,270)	(253,887)
Total shareholders' equity	70,501	78,654
	<u>\$ 218,822</u>	<u>\$ 245,919</u>

Condensed Consolidated Income Statements

(in thousands, except per-share amounts, and unaudited)



	Quarter Ended	
	November 30, 2023	November 30, 2022
Net sales	\$ 68,399	\$ 69,369
Cost of sales	16,122	16,627
Gross profit	52,277	52,742
Selling, general, and administrative	44,786	44,012
Depreciation	1,091	1,246
Amortization	1,071	1,092
Income from operations	5,329	6,392
Interest expense, net	(53)	(329)
Income before income taxes	5,276	6,063
Income tax provision	(425)	(1,396)
Net income	\$ 4,851	\$ 4,667
Net income per share:		
Basic	\$ 0.37	\$ 0.34
Diluted	0.36	0.32
Weighted average common shares:		
Basic	13,244	13,877
Diluted	13,636	14,507
Other data:		
Adjusted EBITDA ⁽¹⁾	\$ 10,969	\$ 11,472

(1) The term Adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, stock-based compensation, and certain other items) is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. For a reconciliation of this non-GAAP measure to the most comparable GAAP equivalent, refer to the Reconciliation of Net Income (Loss) to Adjusted EBITDA.

Free Cash Flow

(in thousands)



	Quarter Ended	
	November 30, 2023	November 30, 2022
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,851	\$ 4,667
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,162	2,338
Amortization of capitalized curriculum costs	691	843
Stock-based compensation	2,897	2,735
Deferred income taxes	(1,048)	393
Change in fair value of contingent consideration liabilities	-	7
Amortization of right-of-use operating lease assets	199	203
Changes in working capital	7,686	(8,169)
Net cash provided by operating activities	17,438	3,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,072)	(1,240)
Curriculum development costs	(2,668)	(974)
Net cash used for investing activities	(3,740)	(2,214)
FREE CASH FLOW	\$ 13,698	\$ 803

Enterprise Division Financial Summary

(in millions and unaudited)



	<u>Q1 FY 24</u>	<u>Q1 FY 23</u>	<u>Chg</u>	<u>%</u>	<u>LTM Q1 FY 24</u>	<u>LTM Q1 FY 23</u>	<u>Chg</u>	<u>%</u>
Sales	\$ 52.6	\$ 53.4	(\$0.9)	-1.6%	\$ 204.8	\$ 199.7	\$ 5.1	2.5%
Cost of Sales	10.0	10.5	(0.5)	-4.8%	37.7	38.3	(0.6)	-1.5%
Gross Profit	42.6	42.9	(0.3)	-0.8%	167.1	161.4	5.6	3.5%
Gross Profit %	80.9%	80.3%	64	bps	81.6%	80.8%	75	bps
Operating SG&A	29.0	29.8	(0.8)	-2.8%	116.5	117.5	(1.0)	-0.9%
Operating SG&A %	55.1%	55.8%	71	bps	56.9%	58.8%	196	bps
Adjusted EBITDA	\$ 13.6	\$ 13.1	\$ 0.5	3.8%	\$ 50.6	\$ 43.9	\$ 6.7	15.2%
Adjusted EBITDA %	25.8%	24.5%			24.7%	22.0%		

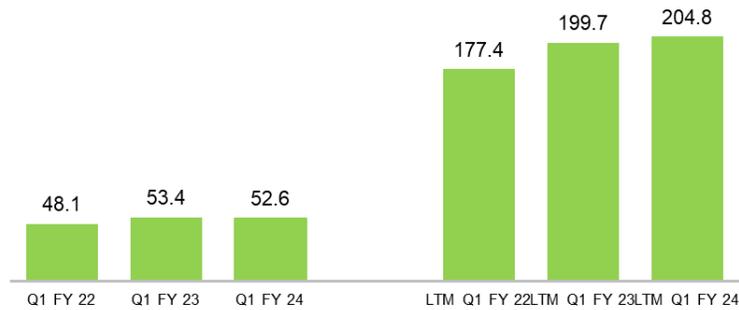
Note: The term Adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, stock-based compensation, and certain other items) is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. For a reconciliation of this non-GAAP measure to the most comparable GAAP equivalent, refer to the Reconciliation of Net Income (Loss) to Adjusted EBITDA.

Enterprise Division Financial Summary

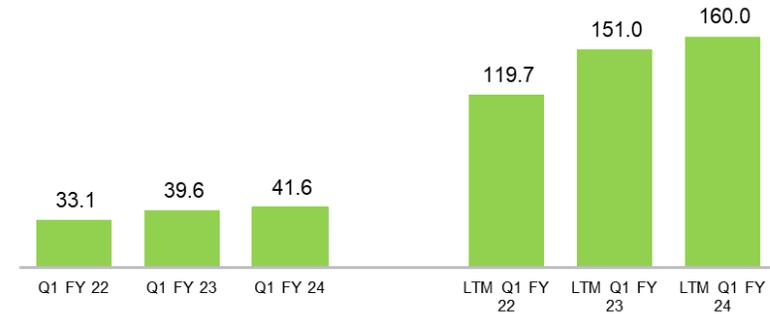
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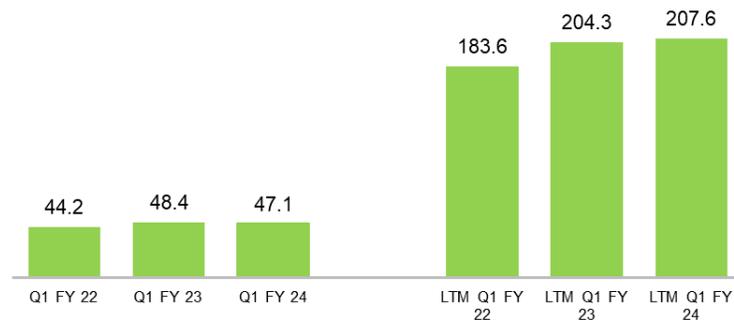
SALES



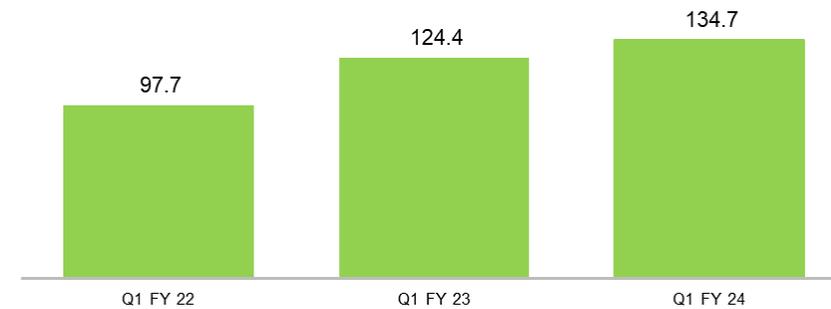
AAP SUBSCRIPTION AND SUBSCRIPTION SERVICES



INVOICED



DEFERRED & UNBILLED DEFERRED SUBSCRIPTION REVENUE



Enterprise Division AAP & Related Revenue

(in millions and unaudited)



	LTM Q1FY24	LTM Q1FY23	LTM Q1FY22
AAP Sales	\$102.3	\$92.4	\$77.5
AAP Add on Sales*	57.7	58.6	42.1
Total AAP and Related	160.0	151.0	119.7
AAP Related Services Attach Rate	56%	63%	54%
Legacy Sales	24.6	29.7	39.9
International licensees	11.7	10.8	9.4
Other Sales	8.5	8.3	8.4
Total Enterprise Sales	\$204.8	\$199.7	\$177.4

	LTM Q1FY24	LTM Q1FY23	LTM Q1FY22
North America Sales	\$150.0	\$147.4	\$125.6
International Direct Office Sales	34.6	33.3	33.8
Other Sales	8.5	8.3	8.4
Total Direct Office Division Sales	193.1	188.9	167.8
International Licensees	11.7	10.8	9.4
Total Enterprise Sales	\$204.8	\$199.7	\$177.4

	Q1FY24	Q4FY23	Q3FY23	Q2FY23	Q1FY23
	\$26.8	\$26.1	\$25.4	\$24.1	\$23.8
	14.8	15.6	16.0	11.3	15.8
	41.6	41.7	41.3	35.4	39.6
	55%	60%	63%	47%	66%
	5.4	6.2	6.9	6.0	8.4
	3.4	2.6	2.8	2.9	3.3
	2.2	1.9	2.1	2.3	2.2
	\$52.6	\$52.4	\$53.2	\$46.6	\$53.4
	Q1FY24	Q4FY23	Q3FY23	Q2FY23	Q1FY23
	\$38.4	\$38.4	\$39.1	\$34.1	\$38.7
	\$8.7	\$9.5	\$9.2	\$7.3	\$9.3
	2.2	1.9	2.1	2.3	2.2
	49.2	49.8	50.4	43.6	50.2
	3.4	2.6	2.8	2.9	3.3
	\$52.6	\$52.4	\$53.2	\$46.6	\$53.4

Education Division Financial Summary

(in millions and unaudited)



	<u>Q1 FY 24</u>	<u>Q1 FY 23</u>	<u>Chg</u>	<u>%</u>	<u>LTM Q1 FY 24</u>	<u>LTM Q1 FY 23</u>	<u>Chg</u>	<u>%</u>
Sales	\$ 14.7	\$ 14.4	\$ 0.4	2.7%	\$ 70.1	\$ 64.5	\$ 5.6	8.7%
Cost of Sales	5.4	5.2	0.2	3.6%	25.5	22.0	3.5	16.0%
Gross Profit	9.4	9.2	0.2	2.2%	44.6	42.5	2.1	4.9%
Gross Profit %	63.6%	63.9%	(32)	bps	63.6%	65.9%	(229)	bps
Operating SG&A	9.3	8.9	0.4	5.0%	37.4	34.1	3.4	9.9%
Operating SG&A %	63.3%	62.0%	(136)	bps	53.4%	52.8%	(57)	bps
Adjusted EBITDA	\$ 0.0	\$ 0.3	(\$0.2)	-85.2%	\$ 7.2	\$ 8.5	(\$1.3)	-15.0%
Adjusted EBITDA %	0.3%	2.0%			10.2%	13.1%		

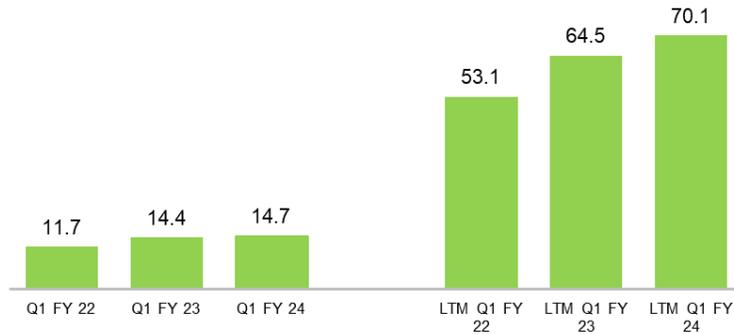
Note: The term Adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, stock-based compensation, and certain other items) is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. For a reconciliation of this non-GAAP measure to the most comparable GAAP equivalent, refer to the Reconciliation of Net Income (Loss) to Adjusted EBITDA.

Education Division Financial Summary

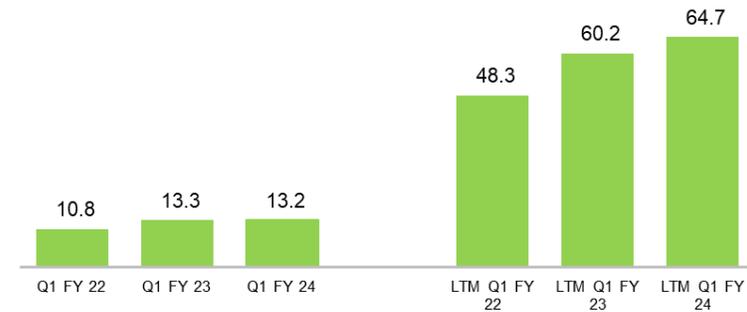
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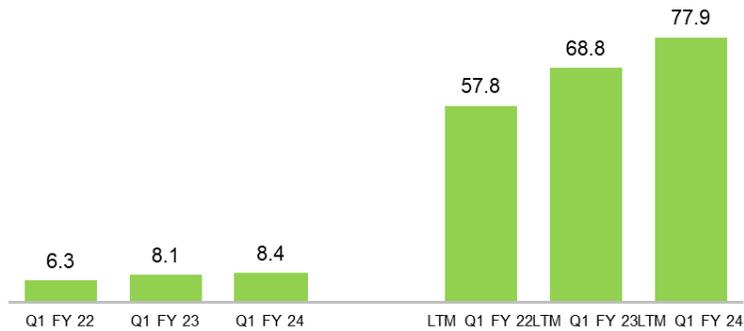
SALES



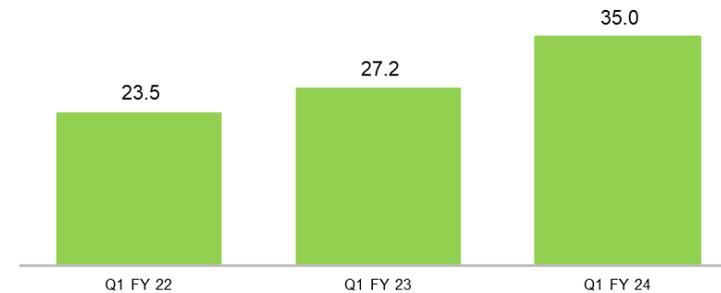
EDUCATION SUBSCRIPTION AND SUBSCRIPTION SERVICES



INVOICED



DEFERRED & UNBILLED DEFERRED SUBSCRIPTION REVENUE



Definitions



- “Deferred Subscription Revenue” primarily consists of billings or payments received in advance of revenue being recognized from subscription services. Deferred revenue is recognized as sales as the revenue recognition criteria are met. The Company generally invoices customers in annual installments upon execution of a contract. With the Leader in Me offering, the contract includes both membership and Onsite consulting which can be invoiced to the client in one lump sum. In this circumstance, the entire lump sum is included in Deferred Revenue. The Education Deferred Revenue related to the LIM is recognized as revenue over the life of the contract whereas the consulting is recognized when the consulting takes place. The deferred revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, contract duration, invoice timing and contract size. When Management refers to Deferred Revenue or the change in Deferred Revenue it is primarily referring to the subscription related portion and not the customer deposits and other portions.
- “Unbilled Deferred Revenue” is an operational measure that represents future billings under our non-cancelable subscription agreements that have not been invoiced and accordingly are not recorded in our recognized revenue or deferred revenue.
- “Invoiced” is the sum of reported Net Sales plus the change in Deferred Revenue reported on the balance sheet (a portion of which is recorded as a current liability and a portion as a long-term liability and represents the amount of billings during the period). We typically invoice our customers annually upon execution of the contract or subscription renewals. Our clients frequently prepay for products and services, which prepayment is included in amounts invoiced and corresponding Deferred Revenue. Invoiced amounts does not include items such as deposits that are generally refundable at the client's request prior to the satisfaction of the performance obligation.
- “Contracted” is the sum of Invoiced Amounts plus the Change in Unbilled Deferred Revenue (not recorded on the balance sheet) and, as the term reflects represents, the total amount of contracts with customers that were entered into during the period.
- “Sales Flow-Through” is the year-over-year change in Adjusted EBITDA divided by the year-over-year change in sales.
- “Subscription Services Sales” is a sale which has been recognized from a client that has purchased Onsite training or materials in connection with or subsequently to entering into a subscription arrangement. This is in contrast to a Legacy sale which is generally Onsite training or materials for a client which has not entered into a subscription arrangement.
- “Operating SG&A” is non-GAAP financial measure. It generally excludes stock-based compensation, changes to contingent earn-out liability and unusual or one-time charges. See the Reconciliation of Net Income or Loss to Adjusted EBITDA in additional financial information.

Definitions



- “Adjusted EBITDA” (earnings before interest, income taxes, depreciation, amortization, stock-based compensation, and certain other items) is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results. A reconciliation of “Adjusted EBITDA,” to consolidated net income (loss), the most comparable GAAP financial measure is provided within this presentation. The Company references this non-GAAP financial measure in its decision making because it provides supplemental information that facilitates consistent internal comparisons to the historical operating performance of prior periods and the Company believes it provides investors with greater transparency to evaluate operational activities and financial results. We are unable to provide a reconciliation of forward-looking estimates of non-GAAP Adjusted EBITDA to GAAP measures because certain information needed to make a reasonable forward-looking estimate is difficult to estimate and dependent on future events which may be uncertain or out of our control, including the amount of AAP contracts invoiced, the number of AAP contracts that are renewed, necessary costs to deliver our offerings such as unanticipated content development costs, and other potential variables. Accordingly, a reconciliation is not available without unreasonable effort.
- “Client Partner Ramp” is the expected amount of invoiced amounts the Company expects its client partners to generate based upon the length of time the client partner has been in a sales role. This metric measures client partners who are currently employed by the Company and does not subtract any accounts that are transitioned to a client partner from a previous client partner.
- “North America Revenue” consists of revenue generated by our direct offices in the United States and Canada, including government sales.
- “Constant Currency” Franklin Covey presents constant currency information to provide a framework for assessing how our underlying business performed excluding the effect of foreign currency rate fluctuations. There are several approaches that an entity can take to calculate constant currency information and Franklin Covey’s method may not be consistent with another entity’s constant currency calculation. To calculate this measure, Franklin Covey converts the actual monthly results of our foreign operations, including the results of our International Licenses, into \$USD at the respective prior year monthly exchange rate. The non-GAAP measure should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with generally accepted accounting principles (GAAP).
- “AAP Revenue Retention Rate” is equal to the revenue from retained All Access Pass customers plus win backs, divided by the prior period total All Access Pass recurring revenue.



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