



Investor Update

3rd Quarter Fiscal Year 2018

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 stabilize and grow revenues; The acceptance of, and renewal rates for the All Access Pass; The ability of the Company to hire productive sales professionals; General economic conditions; Competition in the Company's targeted marketplace; Market acceptance of new products or services and marketing strategies; Changes in the Company's market share; Changes in the size 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.

Strong momentum

1

Revenue growth was strong

2

Subscription and related business was very strong

3

Gross margin expanded

4

Lifetime customer value increased

Strong momentum

(unaudited)

1 Revenue growth
was strong

15.3%
15.3% YTD

2 Subscription and
related business was
very strong

43%
47% YTD

In Enterprise
66%
78% YTD

3 Gross margin
expanded

69.2%
(increase of 670 bps)
69.4% YTD
(increase of 520 bps)

Q3 FY18 results highlights

(unaudited)

+15.3%

15.3 % YTD

Revenue growth

+43%

47% YTD

Subscription and
subscription-related
revenue growth

+66%

78% YTD

Growth of subscription &
subscription-related
revenue in Enterprise
Division

+46%

Deferred Revenue
(billed) growth

+90%

Deferred Revenue
(billed & unbilled)
growth

69.2%

Gross Margin
YOY increase of
670 bps

+.6M

Adjusted EBITDA

+\$37%

YOY growth in paid
subscribers

*Note: Deferred Revenue (billed and unbilled) is a Non-GAAP operational measure. Deferred Revenue (billed) represents the amount of non-cancellable subscription contracts that have been invoiced to our customers and is considered in our Deferred Revenue account on our Balance Sheet. Deferred Revenue (unbilled) represents the amount of non-cancellable contracts that have not been billed to our customers and are not reflected in our financial statements, but is an important management measure.

Strong third quarter results

Q3 revenue growth YOY (unaudited)

Total Revenue

+15.3%

+15.3% YTD



FY17 Q3 \$43.8M
FY18 Q3 \$50.5M

FY17 Q3 YTD \$125.7M
FY18 Q3 YTD \$144.9M

Total Subscription and Subscription-Related Revenue

+43%

+47% YTD



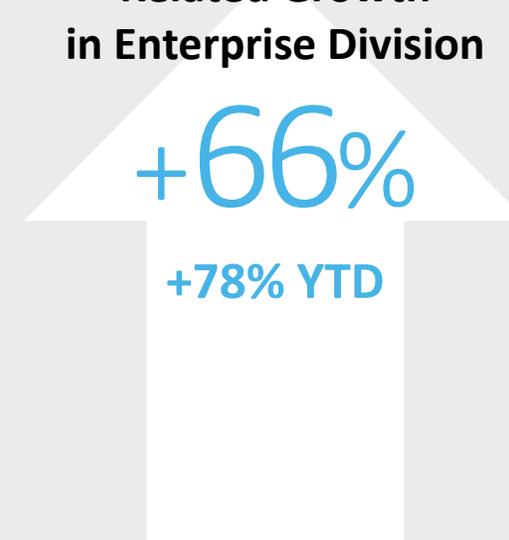
FY17 Q3 \$16.4M
FY18 Q3 \$23.4M

FY17 Q3 YTD \$43.6M
FY18 Q3 YTD \$64.0M

Subscription and Subscription-Related Growth in Enterprise Division

+66%

+78% YTD



FY17 Q3 \$9.7M
FY18 Q3 \$16.1M

FY17 Q3 YTD \$24.1M
FY18 Q3 YTD \$42.8M

Subscription momentum is accelerating

Significant purchases of All Access Pass related add-on services drove revenue growth

(unaudited)

Last 12 months

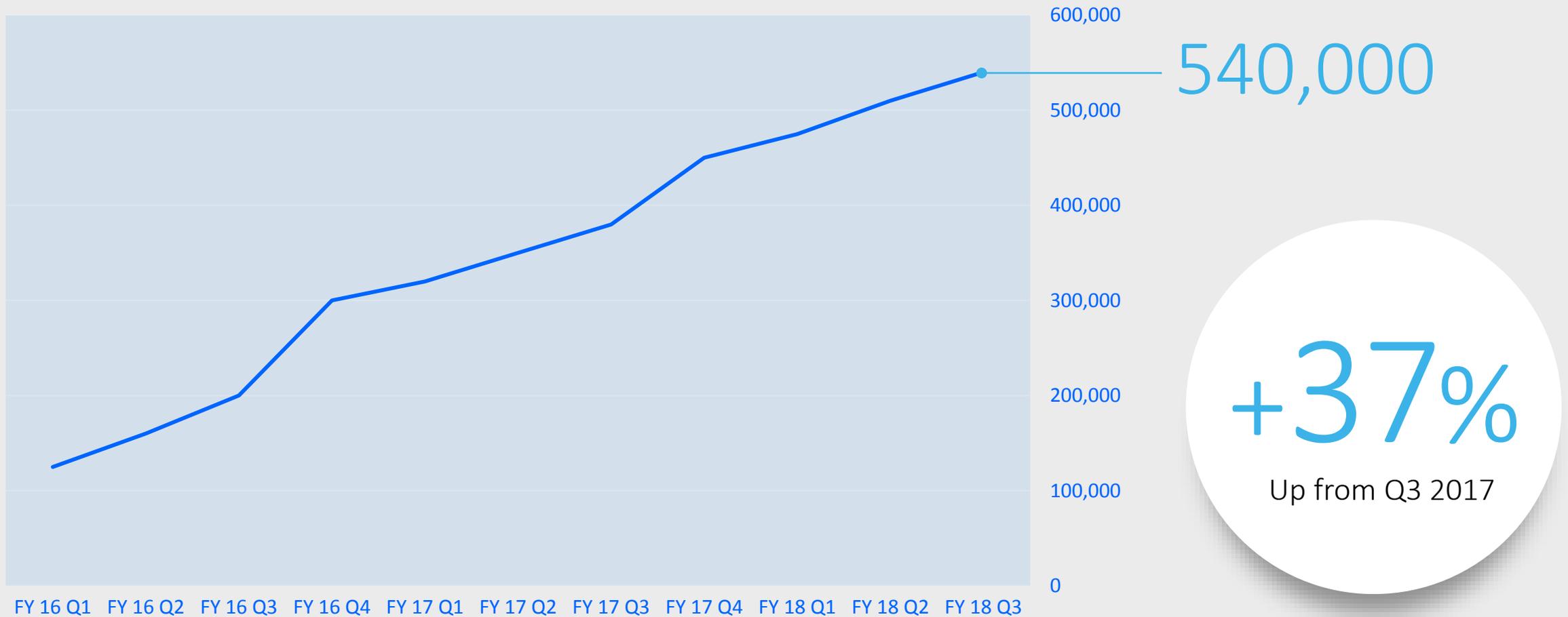
+50%

From \$10.9M

To \$16.3M

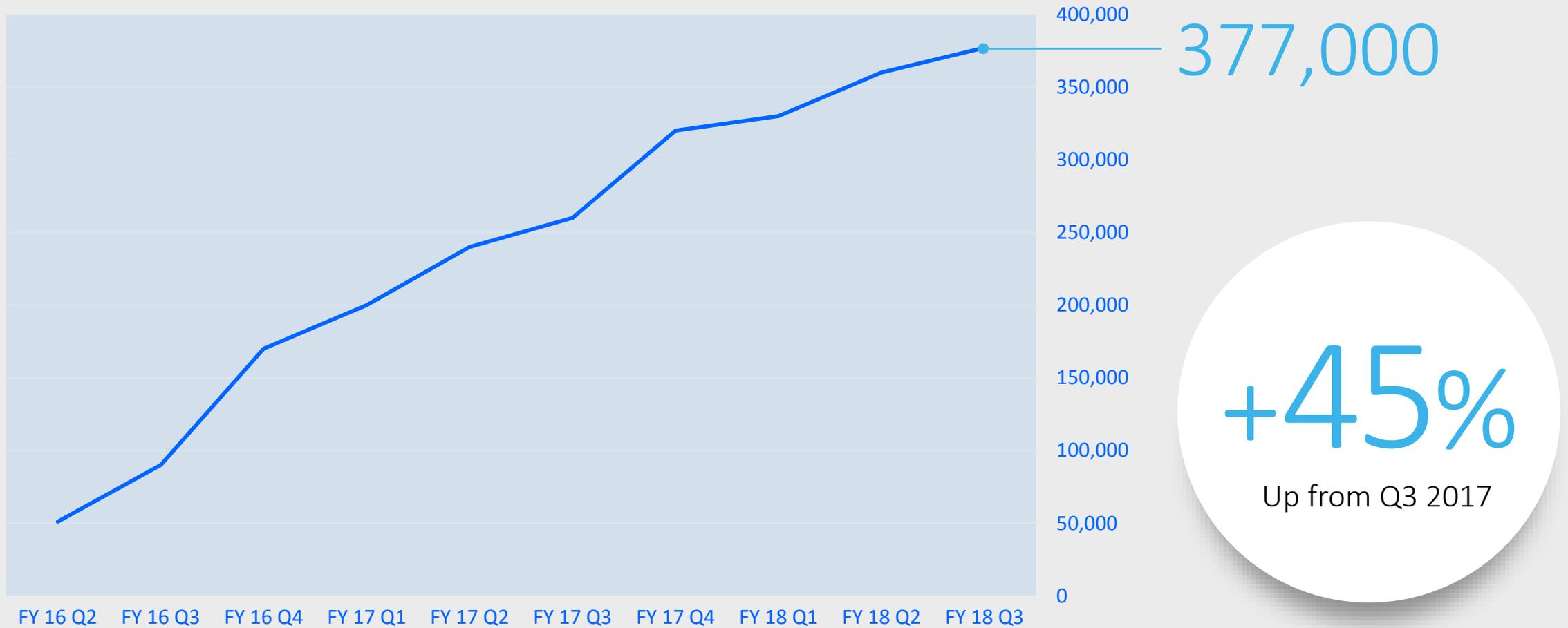
Subscription momentum is accelerating

Total paying subscribers continues to rise



Subscription momentum is accelerating

Subscriber growth: Enterprise Division



Subscription momentum is accelerating

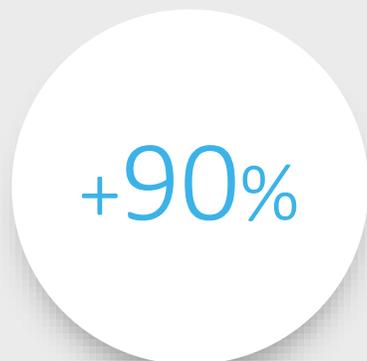
Subscriber growth: Education Division



Strong third quarter results

Increase in deferred revenue balances (unaudited)

**Total Q3 Balance of Deferred Revenue*
(billed and unbilled)**



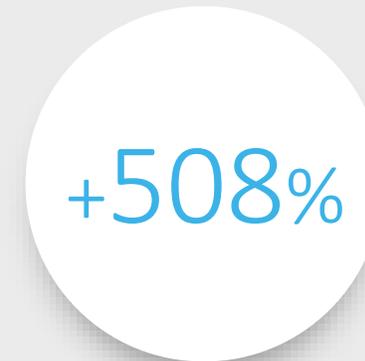
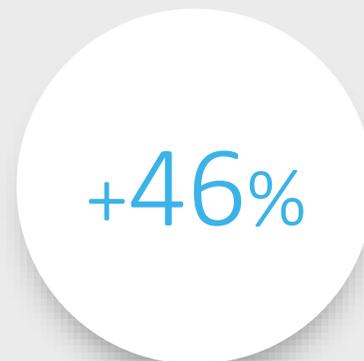
FY17 Q3

FY18 Q3

\$26.1M **\$49.6M**

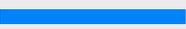
Billed

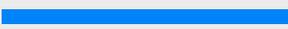
Unbilled



FY17 Q3  **\$23.6M**

FY17 Q3  **\$2.5M**

FY18 Q3  **\$34.5M**

FY18 Q3  **\$15.1M**

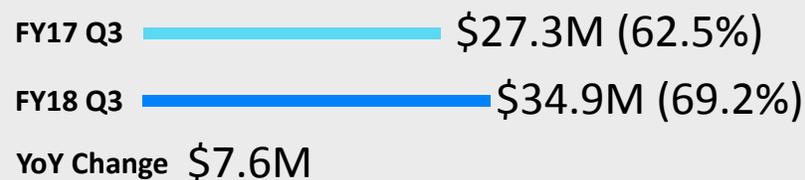
*Note: Deferred Revenue (billed and unbilled) is a Non-GAAP operational measure. Deferred Revenue (billed) represents the amount of non-cancellable subscription contracts that have been invoiced to our customers and is considered in our Deferred Revenue account on our Balance Sheet. Deferred Revenue (unbilled) represents the amount of non-cancellable contracts that have not been billed to our customers and are not reflected in our financial statements, but is an important management measure.

Strong third quarter results

Gross margin improvement offset growth investments

(unaudited)

Gross Margin*

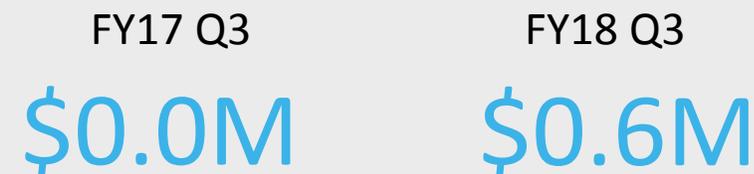


Operating SG&A



*Note: Gross Margin in Q3FY17 includes a \$1.8M charge to exit the publishing business in Japan. This one time charge is excluded from the Adjusted EBITDA calculation.

Adjusted EBITDA*



*Note: Adjusted EBITDA and Operating SG&A are non-GAAP financial measures. Please see the appendix for additional information.

Division Summary – Q3 FY18

<u>Current Quarter</u>	<u>Enterprise Division</u>				<u>Education Division</u>				<u>Corporate</u>			<u>Total Company</u>			
	FY18	FY17	Chang	%	FY18	FY17	Chang	%	FY18	FY17	Chang	FY18	FY17	Chang	%
Sales	39.9	33.9	6.0	18%	9.2	8.6	0.6	7%	1.4	1.3	0.1	50.5	43.8	6.7	15%
Cost of Sales	10.7	12.3	(1.6)	-13%	3.7	3.4	0.3	10%	1.1	0.7	0.4	15.5	16.4	(0.9)	-5%
Gross Margin	29.2	21.6	7.6	35%	5.5	5.2	0.3	6%	0.2	0.6	(0.3)	34.9	27.3	7.6	28%
GM%	73.2%	63.7%	9.5%		59.6%	60.4%	-0.8%		17.5%	44.4%	-26.9%	69.2%	62.5%	6.7%	
Segment Expenses	24.9	19.2	5.7	30%	6.2	4.9	1.4	28%	3.2	3.3	(0.1)	34.3	27.4	7.0	25%
Adjusted EBITDA	4.3	2.4	1.9	79%	(0.7)	0.3	(1.1)	-	(3.0)	(2.8)	(0.2)	0.6	(0.0)	0.6	-

<u>Year To Date</u>	<u>Enterprise Division</u>				<u>Education Division</u>				<u>Corporate</u>			<u>Total Company</u>			
	FY18	FY17	Chang	%	FY18	FY17	Chang	%	FY18	FY17	Chang	FY18	FY17	Chang	%
Sales	113.7	96.8	16.9	17%	27.4	25.2	2.2	9%	3.8	3.8	0.1	144.9	125.7	19.2	15%
Cost of Sales	30.2	32.5	(2.3)	-7%	11.3	10.6	0.8	7%	2.9	2.0	0.9	44.4	45.1	(0.6)	-1%
Gross Margin	83.5	64.3	19.2	30%	16.1	14.6	1.5	10%	0.9	1.8	(0.8)	100.5	80.7	19.9	25%
GM%	73.4%	66.4%	7.0%		58.7%	58.1%	0.6%		24.9%	46.6%	-21.7%	69.4%	64.2%	5.2%	
Segment Expenses	71.8	59.3	12.5	21%	18.4	14.6	3.8	26%	9.9	10.0	(0.1)	100.0	83.9	16.1	19%
Adjusted EBITDA	11.7	5.0	6.7	133%	(2.3)	0.0	(2.3)	-	(8.9)	(8.2)	(0.7)	0.5	(3.2)	3.7	-

Please compare this information to Segment Information in Form 10-Q

Inflection driven by interplay of key factors

The scale, in the figures below, is directional only and doesn't represent growth or guidance

FIGURE A

Subscription Growth vs. Legacy Decline

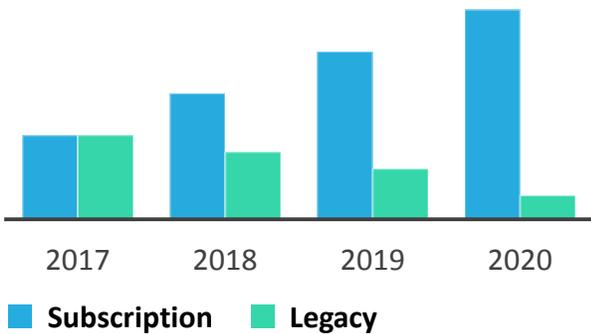


FIGURE B

Revenue Growth vs. Growth in Central & Support Costs

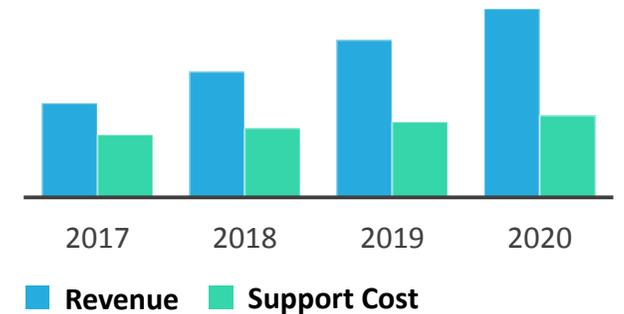


FIGURE C

Growth in Adjusted EBITDA

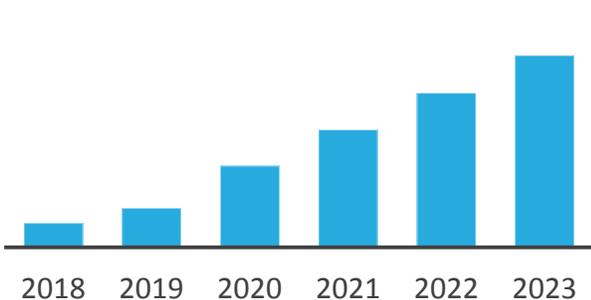
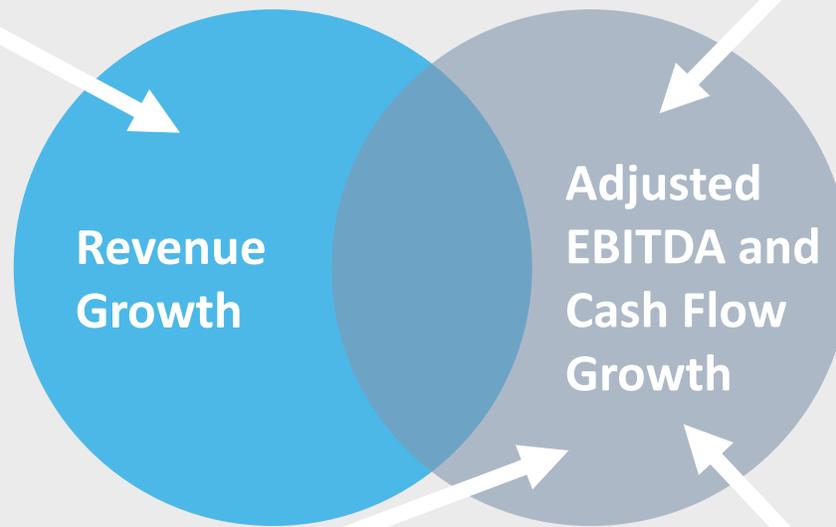
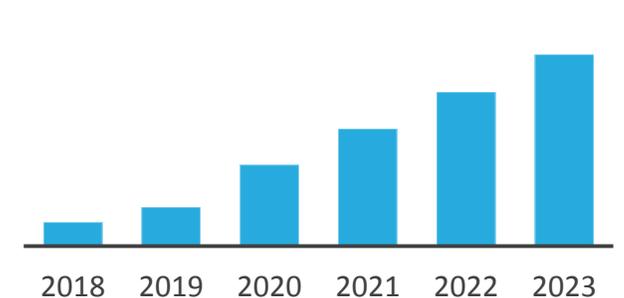


FIGURE D

Growth in Pre-Tax Cash Flow



Appendix

All Access Pass value proposition

- Provides the passholder population with unlimited access to Franklin Covey's entire collection of best-in-class content.
- Creates the ability to assemble, integrate, and deliver FC's content and solutions through an almost limitless combination of delivery modalities (live, live-online, online, webcasts, podcasts, integration of pieces of content into existing customer training offerings, and now, micro-learning through Jhana).
- Includes the services of an "implementation specialist" at no additional charge, who helps clients design "impact journeys" to address their key jobs to be done, and expand usage of All Access Pass.
- Offers an array of affordable add-on services (including, now, coaching) to help ensure that customers can execute on their key jobs-to-be-done.
- Has a cost-per-population trained which is less than or equal to that available from other providers for just a single course in a single delivery modality.
- Can be accessed globally in sixteen major languages, through a new state-of-the-art, secure, easy-to-use portal.

Other information

Other Income Statement Information:

- Depreciation: \$3.9M in FY2017, expected to total approximately \$5.2M in FY2018.
- Amortization: \$3.6M in FY2017, expected to total approximately \$5.4M in FY2018.
- Net Interest and Discount: \$2.0M in FY2017, expected to total approximately \$2.4M in FY2018.
- Share-based Compensation, Impaired Assets, Restructuring, ERP Implementation, Accrued Earnout and Other: totaling \$9.2M in FY2017; Share-Based Compensation, ERP Implementation, Japan Publishing, Acquisition Costs, and Other, expected to total approximately \$5.0M in FY2018 (Earnout Adjustments are not a part of these estimated amounts in FY18).
- Effective Tax Benefit Rate: 34% in FY2017. Estimated at 28% for FY18 before effect of permanent book/tax differences (undetermined) and benefit of re-measuring deferred taxes (\$1.2M – \$1.5M). Therefore, the tax rate could be a significantly different percentage, and we are not projecting on FY18 rate.

Other Information:

- Capital Expenditures: \$7.2M in FY2017, expected to total approximately \$7.3M to \$7.8M (including new ERP system) in FY2018.
- Capitalized Curriculum excluding acquired content: \$6.5M in FY2017, expected to total approximately \$3.4M to \$3.7M in FY2018, reflecting localization of AAP content, AAP content development, and Education content development (excluding acquisitions).
- Share Count: 13,907K shares outstanding as of June 30, 2018. The Company's share count may increase due to the vesting of share-based awards, and decrease due to the company buying back shares under its authorized share buy-back program.
- Number of salespersons: 204 on August 31, 2016, increased to 218 on August 31, 2017, and 220 on May 31, 2018.

Enterprise Division revenue

(Unaudited)

	Q3				YTD through Q3			
	FY18	FY17	Change	%	FY18	FY17	Change	%
Reported Net Sales	39,874	33,897	5,977	17.6%	113,711	96,786	16,925	17.5%
Change in Deferred Revenue	1,197	3,663	(2,466)		2,675	10,114	(7,439)	
Invoiced Amounts	41,071	37,560	3,511	9.3%	116,386	106,900	9,486	8.9%
Change in Unbilled Contracts	(657)	-	(657)		(2,045)	(250)	(1,795)	
Total Contracts Signed	40,414	37,560	2,854	7.6%	114,341	106,650	7,691	7.2%

Education Division revenue

(Unaudited)

	Q3				YTD through Q3			
	FY18	FY17	Change	%	FY18	FY17	Change	%
Reported Net Sales	9,235	8,596	639	7.4%	27,418	25,187	2,231	8.9%
Change in Deferred Revenue	1,264	1,779	(515)		(5,194)	(1,903)	(3,291)	
Invoiced Amounts	10,499	10,375	124	1.2%	22,224	23,284	(1,060)	-4.6%
Change in Unbilled Contracts	261	751	(490)		(39)	351	(390)	
Total Contracts Signed	10,760	11,126	(366)	-3.3%	22,185	23,635	(1,450)	-6.1%

Sales information

(Unaudited)

	FY16 Information					FY17 Information					FY18 Information				
	Q1	Q2	Q3	Q4	Yr Total	Q1	Q2	Q3	Q4	Yr Total	Q1	Q2	Q3	Q4	YTD Total
Sales															
Reported Net Sales	45,218	45,269	44,738	64,830	200,055	39,787	42,196	43,751	59,522	185,256	47,932	46,549	50,461	-	144,942
Change in Deferred Sales (B)	(1,329)	(485)	2,125	8,309	8,620	702	2,069	5,442	12,562	20,775	(5,193)	211	2,461	-	(2,521)
Invoiced Amount	43,889	44,784	46,863	73,139	208,675	40,489	44,265	49,193	72,084	206,031	42,739	46,760	52,922	-	142,421
Balance Sheet															
Roll-Forward of Deferred Sales															
Beginning Balance (deferred sales)	6,844	5,492	4,978	7,154	6,844	15,460	16,096	18,185	23,618	15,460	36,397	31,429	32,067	34,521	36,397
Subscription Sales (A)	755	1,593	4,686	11,763	18,797	6,306	8,710	13,785	23,026	51,827	7,882	13,941	17,324	-	39,147
Amounts Recorded to Revenue	(2,084)	(2,078)	(2,561)	(3,454)	(10,177)	(5,604)	(6,641)	(8,343)	(10,464)	(31,052)	(13,075)	(13,730)	(14,863)	-	(41,668)
Change in Deferred Sales (B)	(1,329)	(485)	2,125	8,309	8,620	702	2,069	5,442	12,562	20,775	(5,193)	211	2,461	-	(2,521)
FX and Other Changes	(23)	(29)	51	(3)	(4)	(66)	20	(9)	217	162	225	427	(7)		645
Ending Balance (deferred sales)	5,492	4,978	7,154	15,460	15,460	16,096	18,185	23,618	36,397	36,397	31,429	32,067	34,521	34,521	34,521
Other Deferred Revenue (Deposits)	4,661	5,592	5,966	5,387	5,387	4,186	2,933	5,027	4,375	4,375	3,821	4,069	4,669		-
Balance Sheet Deferred Revenue	10,153	10,570	13,120	20,847	20,847	20,282	21,118	28,645	40,772	40,772	35,250	36,136	39,190		-
Unbilled Deferred Contracts															
Beginning Balance (off balance sheet)	988	3,150	3,150	3,150	988	2,378	1,978	1,728	2,479	2,378	17,151	16,255	15,463	15,067	17,151
New Unbilled Contracts	2,400	-	-	328	2,728	-	-	751	15,600	16,351	1,863	2,149	2,766	-	6,778
Amounts Invoiced	(238)	-	-	(1,100)	(1,338)	(400)	(250)	-	(928)	(1,578)	(2,759)	(2,941)	(3,162)	-	(8,862)
Ending Balance (off balance sheet)	3,150	3,150	3,150	2,378	2,378	1,978	1,728	2,479	17,151	17,151	16,255	15,463	15,067	15,067	15,067
Breakout of Deferred Sales (above)															
Subscription Sales (Balance Sheet)															
AAP Subscriptions	383	3,077	5,806	12,217	21,483	4,969	7,801	9,189	12,616	34,575	6,822	13,409	11,667	-	31,898
Education Memberships	599	222	2,203	6,278	9,302	652	226	4,130	9,766	14,774	893	159	4,977		6,029
Other Subscriptions and Adjustments	37	211	94	25	367	685	683	466	644	2,478	167	373	680	-	1,220
Effect in FY16 of partial deferral	(264)	(1,917)	(3,417)	(6,757)	(12,355)	-	-	-	-	-	-	-	-		20
Total Additions to balance sheet (A)	755	1,593	4,686	11,763	18,797	6,306	8,710	13,785	23,026	51,827	7,882	13,941	17,324	-	39,147

Additional financial information

Reconciliation of Net Loss to Adjusted EBITDA

(in thousands and unaudited)

	Quarter Ended		Three Quarters Ended	
	May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
Reconciliation of net loss to Adjusted EBITDA:				
Net loss	\$ (2,534)	\$ (4,541)	\$ (7,666)	\$ (11,831)
Adjustments:				
Interest expense, net	501	532	1,627	1,551
Income tax benefit	(554)	(2,482)	(4,927)	(6,073)
Amortization	1,326	835	4,117	2,278
Depreciation	1,267	949	3,547	2,743
Stock-based compensation	446	1,210	2,182	3,987
Costs to exit Japan publishing business	-	1,792	-	1,792
Restructuring costs	-	1,335	-	1,335
Contract termination costs	-	-	-	1,500
Increase (reduction) to contingent earnout liability	136	-	789	(1,936)
ERP implementation costs	-	327	855	920
China start-up costs	-	-	-	505
Other	-	25	-	25
Adjusted EBITDA	<u>\$ 588</u>	<u>\$ (18)</u>	<u>\$ 524</u>	<u>\$ (3,204)</u>
Adjusted EBITDA margin	1.2%	0.0%	0.4%	-2.5%

Additional Sales Information

(in thousands and unaudited)

Sales Detail by Segment:	Quarter Ended		Three Quarters Ended	
	May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
Direct offices	\$ 36,331	\$ 30,075	\$ 103,802	\$ 86,595
Education	9,235	8,596	27,418	25,187
International licensees	3,543	3,822	9,909	10,191
Corporate and other	1,352	1,258	3,810	3,761
Total	<u>\$ 50,461</u>	<u>\$ 43,751</u>	<u>\$ 144,939</u>	<u>\$ 125,734</u>

*Note: Adjusted EBITDA is a non-GAAP financial measure. Please see the appendix for additional information.

Additional financial information

Condensed Consolidated Balance Sheets (in thousands and unaudited)

	May 31, 2018	August 31, 2017
<u>Assets</u>		
Current assets:		
Cash	\$ 11,774	\$ 8,924
Accounts receivable, less allowance for doubtful accounts of \$2,975 and \$2,310	51,035	66,343
Receivable from related party	955	1,020
Inventories	3,747	3,353
Income taxes receivable	816	259
Prepaid expenses and other current assets	11,265	11,936
Total current assets	<u>79,592</u>	<u>91,835</u>
Property and equipment, net	21,750	19,730
Intangible assets, net	53,185	57,294
Goodwill	24,220	24,220
Long-term receivable from related party	251	727
Deferred income tax assets	7,207	1,647
Other long-term assets	13,429	15,278
	<u>\$ 199,634</u>	<u>\$ 210,731</u>

	May 31, 2018	August 31, 2017
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Current portion of financing obligation	\$ 2,034	\$ 1,868
Current portion of term notes payable	6,250	6,250
Accounts payable	8,652	9,119
Deferred revenue	39,190	40,772
Accrued liabilities	17,130	22,617
Total current liabilities	<u>73,256</u>	<u>80,626</u>
Line of credit	15,866	4,377
Term notes payable, less current portion	8,125	12,813
Financing obligation, less current portion	19,530	21,075
Other liabilities	4,519	5,742
Deferred income tax liabilities	39	1,033
Total liabilities	<u>121,335</u>	<u>125,666</u>
Shareholders' equity:		
Common stock	1,353	1,353
Additional paid-in capital	210,521	212,484
Retained earnings	61,790	69,456
Accumulated other comprehensive income	832	667
Treasury stock at cost, 13,169 and 13,414 shares	(196,197)	(198,895)
Total shareholders' equity	<u>78,299</u>	<u>85,065</u>
	<u>\$ 199,634</u>	<u>\$ 210,731</u>

Additional financial information

Condensed Consolidated Statements of Operations (in thousands, except per-share amounts, and unaudited)

	Quarter Ended		Three Quarters Ended	
	May 31, 2018	May 31, 2017	May 31, 2018	May 31, 2017
Net sales	\$ 50,461	\$ 43,751	\$ 144,939	\$ 125,734
Cost of sales	15,545	16,410	44,411	45,054
Gross profit	34,916	27,341	100,528	80,680
Selling, general, and administrative	34,910	30,713	103,830	89,177
Restructuring costs	-	1,335	-	1,335
Contract termination costs	-	-	-	1,500
Depreciation	1,267	949	3,547	2,743
Amortization	1,326	835	4,117	2,278
Loss from operations	(2,587)	(6,491)	(10,966)	(16,353)
Interest expense, net	(501)	(532)	(1,627)	(1,551)
Loss before income taxes	(3,088)	(7,023)	(12,593)	(17,904)
Income tax benefit	554	2,482	4,927	6,073
Net loss	\$ (2,534)	\$ (4,541)	\$ (7,666)	\$ (11,831)
Net loss per common share:				
Basic and diluted	\$ (0.18)	\$ (0.33)	\$ (0.55)	\$ (0.86)
Weighted average common shares:				
Basic and diluted	13,896	13,834	13,829	13,817
Other data:				
Adjusted EBITDA ⁽¹⁾	\$ 588	\$ (18)	\$ 524	\$ (3,204)

⁽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 Loss to Adjusted EBITDA.

Definitions

- “Deferred Revenue” primarily consists of billings or payments received in advance of revenue recognition from subscription services and is recognized as the revenue recognition criteria are met. The Company generally invoices customers in annual installments. The deferred revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing and dollar 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.
- “Operating SG&A” is non-GAAP financial measure. It generally exclude 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.
- “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 Loss to Adjusted EBITDA.

Non-GAAP financial information

A reconciliation of a non-GAAP financial measure, “Adjusted EBITDA,” to consolidated net income (loss), the most comparable GAAP financial measure is provided within this presentation. The Company defines Adjusted EBITDA as net income or loss from operations excluding the impact of interest expense, income tax expense, amortization, depreciation, stock-based compensation expense, restructuring charges, and certain other items such as adjustments to the fair value of contingent consideration liabilities resulting from the acquisition of businesses. 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.