Greatness Starts Here

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

FranklinCovey™

Investor Update

Third Quarter Fiscal Year 2023

Janita Anderson
Strategic Partnerships,
Education Division

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 From 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.

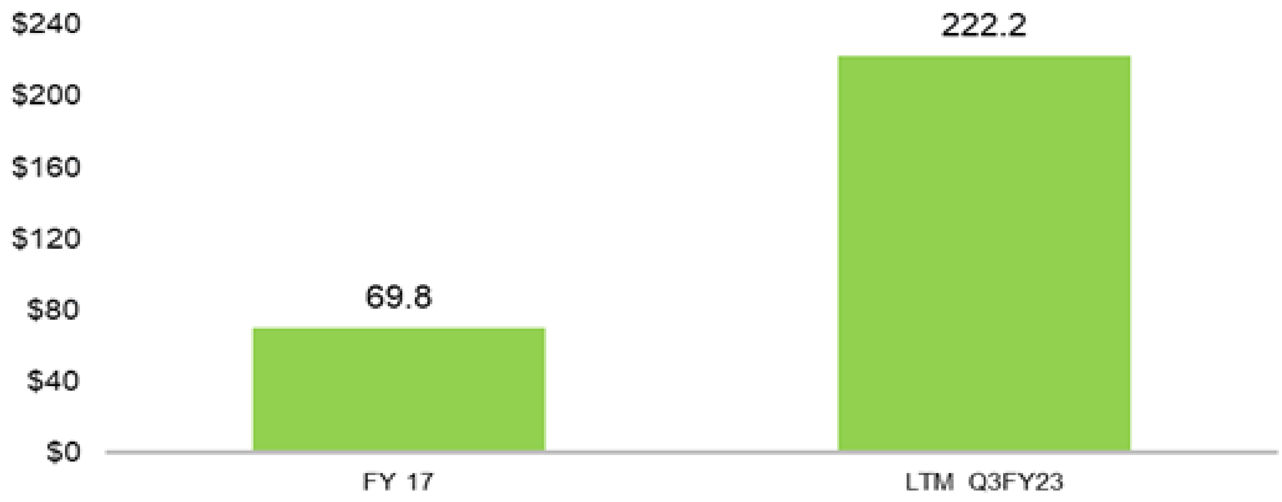
The Securities and Exchange Commission's Regulation G applies to any public disclosure or release of material information that includes a non-GAAP financial measure. In the event of such a disclosure or release, Regulation G requires: (i) the presentation of the most directly comparable financial measure 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.

Strength & Durability

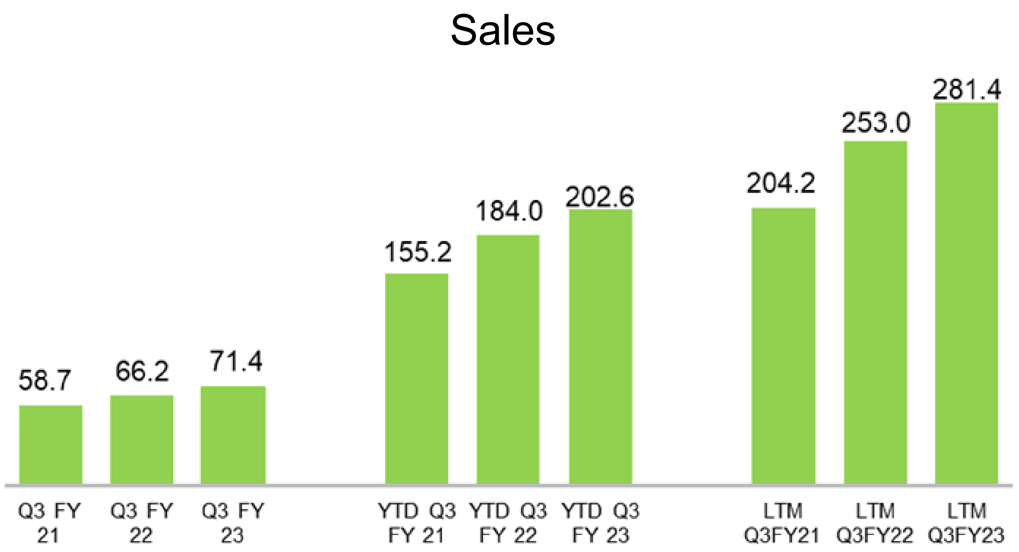
(in millions and unaudited)

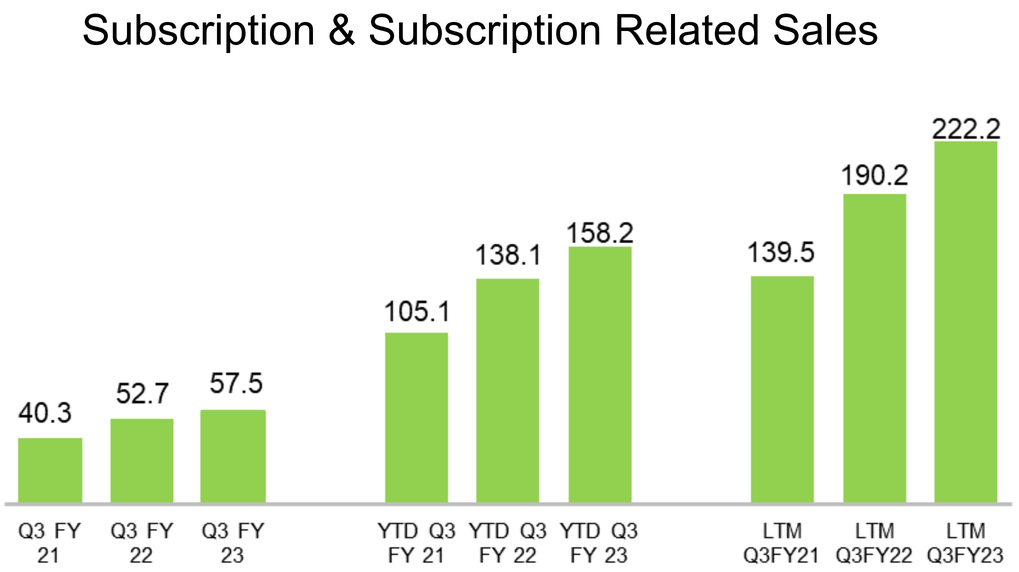
Subscription & Subscription Related Sales



Strength & Durability

(in millions and unaudited)





Strength & Durability

(in millions and unaudited)

Total Sales

Period	Revenue	1 Yr. Change	2 Yr. Change	2 Yr. Change %
LTM Q3FY17	190.6			
LTM Q3FY18	204.5	13.9		
LTM Q3FY19	225.0	20.5	34.4	18%
LTM Q3FY20	214.6	-10.4	10.2	5%
LTM Q3FY21	204.2	-10.4	-20.8	-9%
LTM Q3FY22	253.0	48.8	38.4	18%
LTM Q3FY23	281.4	28.4	77.2	38%

Strength & Durability

(in millions and unaudited)

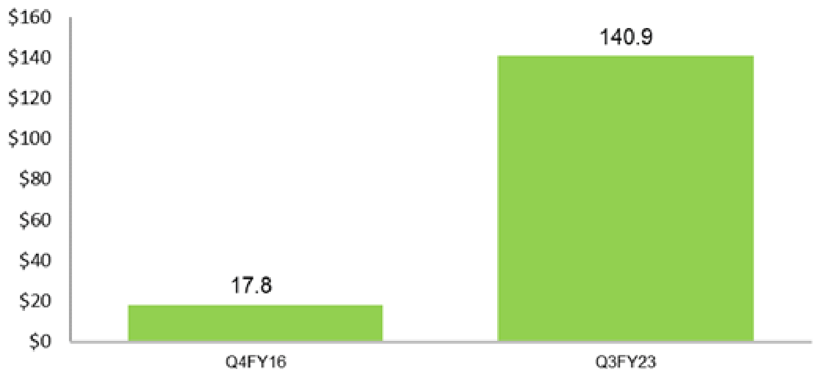
Subscription & Subscription Services

Period	Revenue	1 Yr. Change	2 Yr. Change	2 Yr. Change %
LTM Q3FY17	66.8			
LTM Q3FY18	91.6	24.8		
LTM Q3FY19	116.9	25.2	50.0	75%
LTM Q3FY20	135.6	18.8	44.0	48%
LTM Q3FY21	139.5	3.9	22.6	19%
LTM Q3FY22	190.2	50.7	54.6	40%
LTM Q3FY23	222.2	32.0	82.7	59%

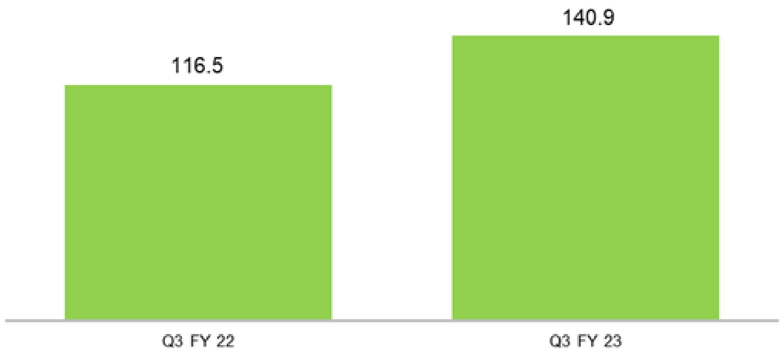
Strength & Durability

(in millions and unaudited)

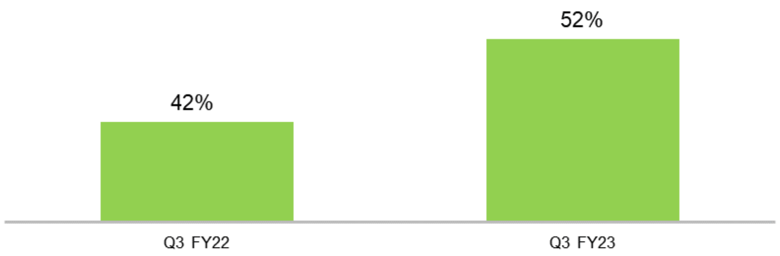
Billed & Unbilled Deferred Revenue



Deferred & Unbilled Deferred Revenue



Percent Logos in Multi -Yr. Contracts*

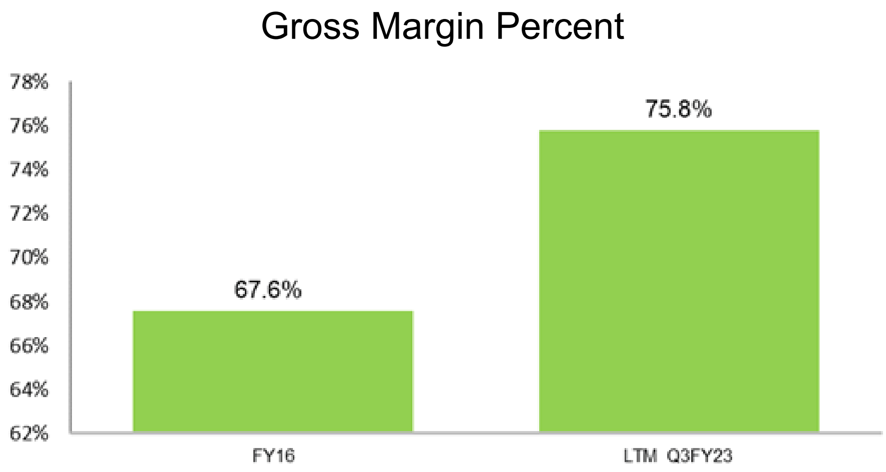


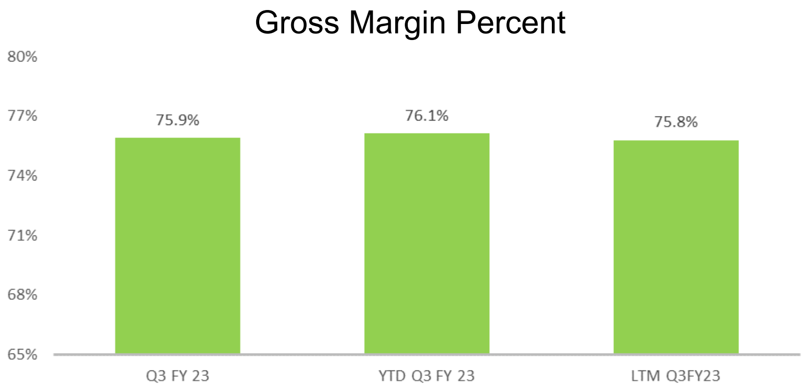
Percent Revenue in Multi -Yr. Contracts*

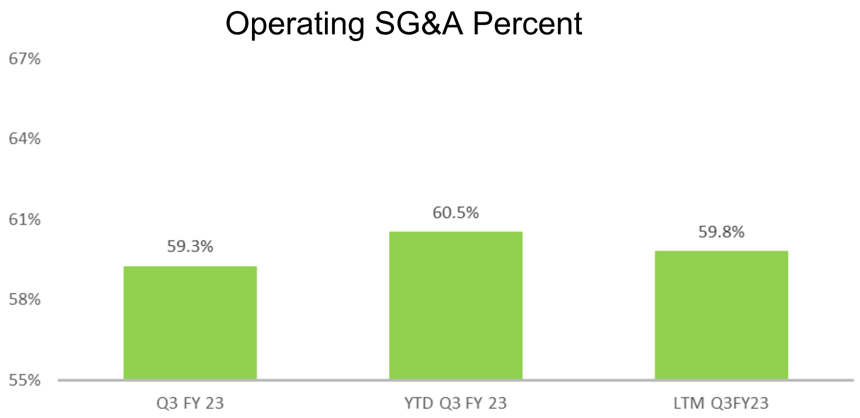
*In Enterprise North America

Strength & Durability

(in millions and unaudited)

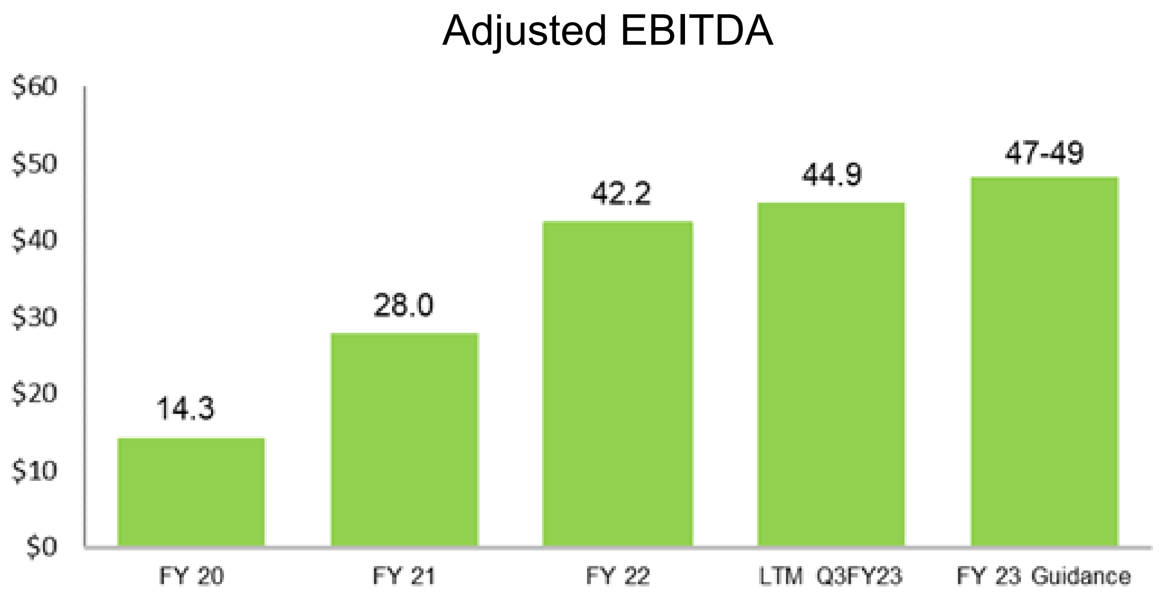






Strength & Durability

(in millions and unaudited)



Fundamental Priorities

Fundamental Priorities- 1

Partner of Choice for Our Clients in Addressing Challenges That Matter:

- Consistently winning new “logos” or clients.
- Having subscription and subscription services revenue continue to increase as percent of total Company revenue.
- Retaining substantially all our subscription revenue.
- Increasing our average subscription contract size.
- Increasing the percent of logos in multi-year contracts.
- Continuing to have clients purchase a considerable number of services to help them achieve their performance breakthroughs.
- Achieving a high and growing Lifetime Customer Value.

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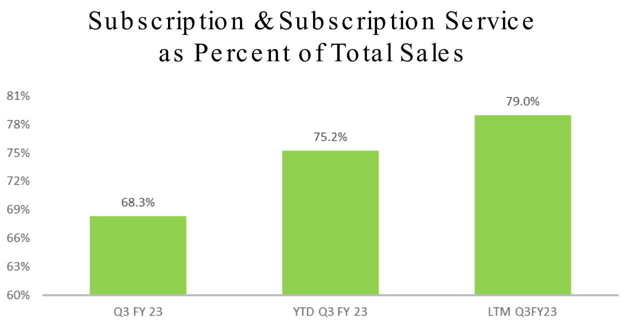
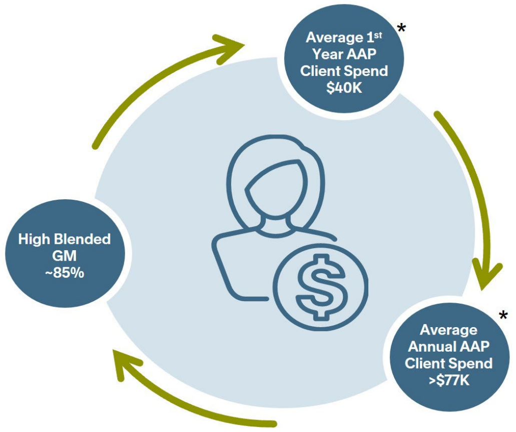
Fundamental Priorities- 1

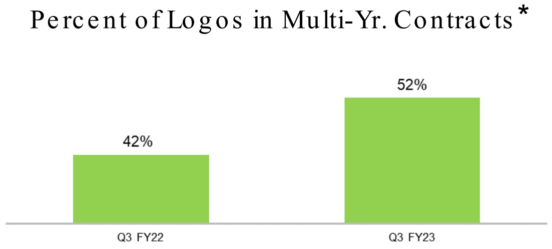
(in millions and unaudited)

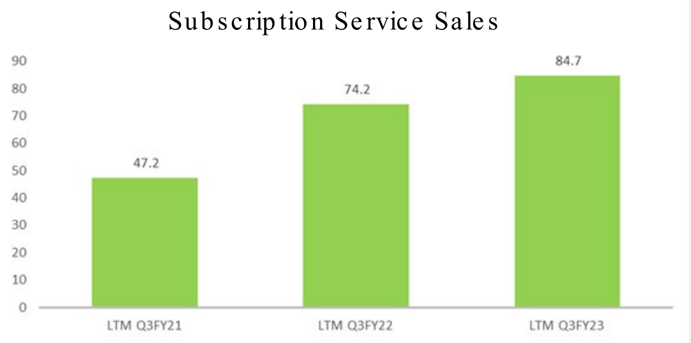
Partner of Choice for Our Clients in Addressing Challenges That Matter





*In North America as of FY22





*In Enterprise North America

Fundamental Priorities- 2

Accomplishing Priority 1 with Strong, Profitable Business Model:

- Achieving strong gross margins.
- Having a CAC (cost of acquiring a customer) that is less than the revenue generated even in the first year of a subscription contract.
- Having Operating SG&A decrease as a percent of sales.
- Continuing to grow our Adjusted EBITDA which has significant increase to Free Cash Flow.

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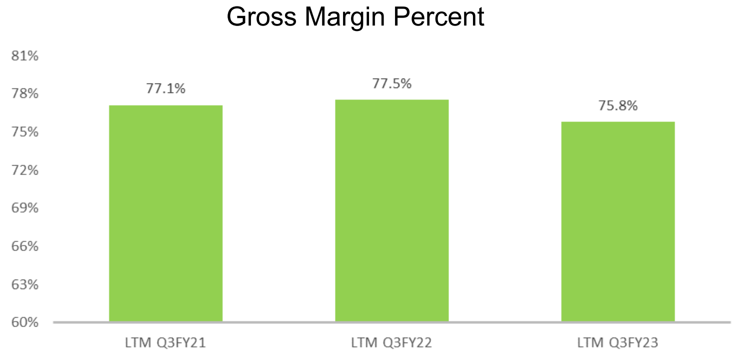
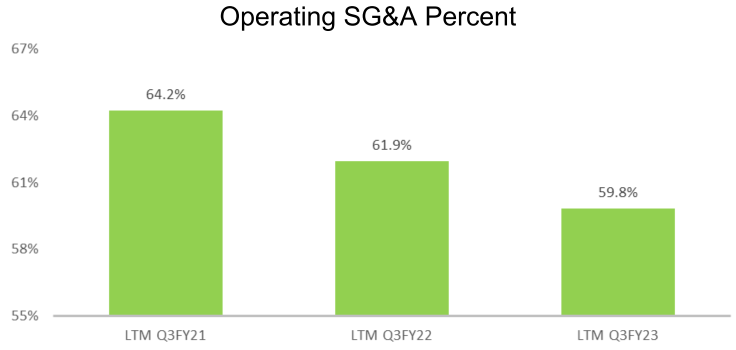
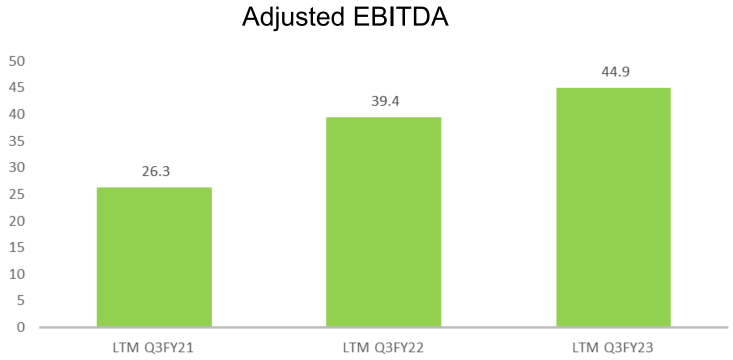
Fundamental Priorities- 2

(in millions and unaudited)

Accomplishing Priority 1 with Strong, Profitable Business Model







Fundamental Priorities- 3

Reinvest Profits & Free Cash Flow at High Rates of Return:

- Investing capital in the business at high rates of return.
- Returning substantial amounts of excess cash to shareholders in the form of stock buybacks.

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Fundamental Priorities- 3

(unaudited)

Investing Free Cash Flow at High Rates of Return

$25M

Repurchasing 664K Shares in 3rd Quarter

$50 M

Repurchasing 1.26M Shares in Last 5 Quarters

Enterprise Division- North America Headlines

Third Quarter, Unaudited

+3%
Revenue Growth
9% YTD   11% LTM   23% L2Y

+3%
Subscription & Subscription Services Revenue
9% YTD   12% LTM   32% L2Y

+19%
Balance Deferred Revenue
(Billed & Unbilled)
Q3FY23 vs Q3FY22

57%
AAP Contracted Revenue Represented by Multiyear Contracts

Enterprise Division- International Headlines

Third Quarter, Unaudited

23%

Revenue – International Direct

5% YTD 4% LTM

+9%

International Licensee Partner Revenue Growth

10% YTD 16% LTM

Education Division - Headlines

Third Quarter, Unaudited

+18%
Revenue Growth
23% YTD 21% LTM

+19%
Subscription & Subscription Services Revenue
24% YTD 22% LTM

+15%
Balance Deferred Revenue
(Billed & Unbilled)
Q3FY23 vs Q3FY22

90%
School Retention
(as of August 31, 2022)

Cash Flows from Operating Activities

(in thousands)

		Three Quarters Ended	
		May 31, 2023	May 31, 2022
		(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		$ 10,969	$ 12,852
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		6,401	7,792
Amortization of capitalized curriculum costs		2,385	2,374
Stock-based compensation		9,357	5,987
Deferred income taxes		2,399	(1,409)
Change in fair value of contingent consideration liabilities		7	60
Amortization of right-of-use operating lease assets		633	695
Changes in working capital		(6,204)	11,185
Net cash provided by operating activities		25,947	39,536

Guidance & Outlook

	Guidance & Outlook
Adjusted EBITDA Guidance	$47M-$49M
FY24 - FY25 Outlook for Adjusted EBITDA Growth	FY24: $57M FY25: $67M

Note: Guidance and Outlook is given in constant currency.

James Williams
Managing Client Partner

Appendix

Other Information

OTHER INCOME STATEMENT INFORMATION :

- Depreciation: $4.9M in FY2022, expected to total approximately $4.1M in FY2023.
- Amortization: $5.3M in FY2022, expected to total approximately $4.3M in FY2023.
- Net Interest and Discount: $1.6M in FY2022, expected to total approximately $0.5M in FY2023.
- Share-based Compensation, Impaired Assets, Restructuring, Accrued Earnout and Other totaling $8.4M in FY2022; expected to total approximately $12.0M to $13.0M in FY2023.
- Effective Tax Rate: Our normalized affective 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 FY23 effective rate.

OTHER INFORMATION :

- Capital Expenditures: $3.2M in FY2022, expected to total approximately $3.7M to $4.1M in FY2023.
- Capitalized Curriculum excluding acquired content: $2.2M in FY2022, expected to total approximately $9.0M to $10.0M in FY2023, including localization of AAP content, AAP content development, and Education content development.
- Share Count: 13,192k shares outstanding as of May 31, 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: 286 on May 31, 2023.
- Impact of FX in Q3 of FY23: decrease to sales $0.8M; decrease to Adjusted EBITDA $0.4M. YTD Impact: decrease to sales $3.8M; decrease to adjusted EBITDA of $1.3M

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)

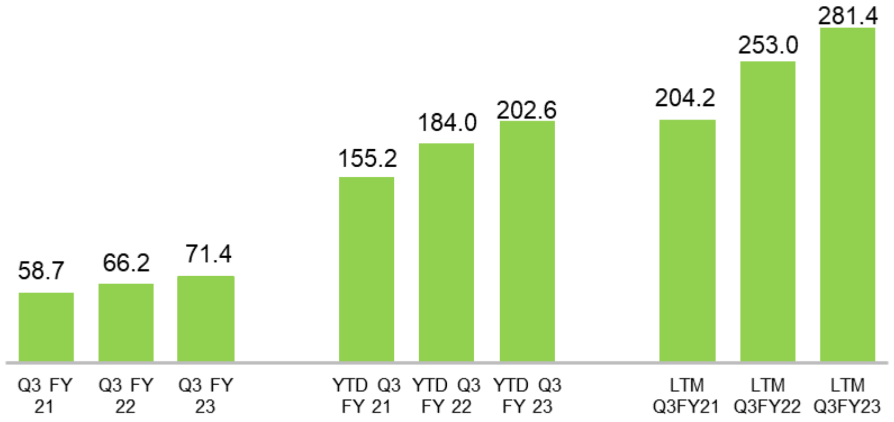
	Q3 FY 23	Q3 FY 22	Chg	%	YTD Q3FY23	YTD Q3FY22	Chg	%	LTM Q3 FY23	LTM Q3 FY 22	Chg	%
Sales	$ 71.4	$ 66.2	$ 5.3	8.0%	$ 202.6	$ 184.0	$ 18.5	10.1%	$ 281.4	$ 253.0	$ 28.4	11.2%
Cost of Sales	17.2	15.0	2.2	14.4%	48.4	41.2	7.2	17.5%	68.1	56.9	11.3	19.8%
Gross Profit	54.2	51.1	3.1	6.1%	154.2	142.8	11.3	7.9%	213.3	196.1	17.1	8.7%
Gross Profit %	75.9%	77.3%	(135)	bps	76.1%	77.6%	(150)	bps	75.8%	77.5%	(173)	bps
Operating SG&A	42.3	40.3	2.1	5.2%	122.6	114.0	8.6	7.6%	168.3	156.7	11.6	7.4%
Operating SG&A %	59.3%	60.8%	157	bps	60.5%	61.9%	140	bps	59.8%	61.9%	211	bps
Adjusted EBITDA	$ 11.9	$ 10.9	$ 1.0	9.4%	$ 31.6	$ 28.9	$ 2.7	9.4%	$ 44.9	$ 39.4	$ 5.5	14.0%

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.

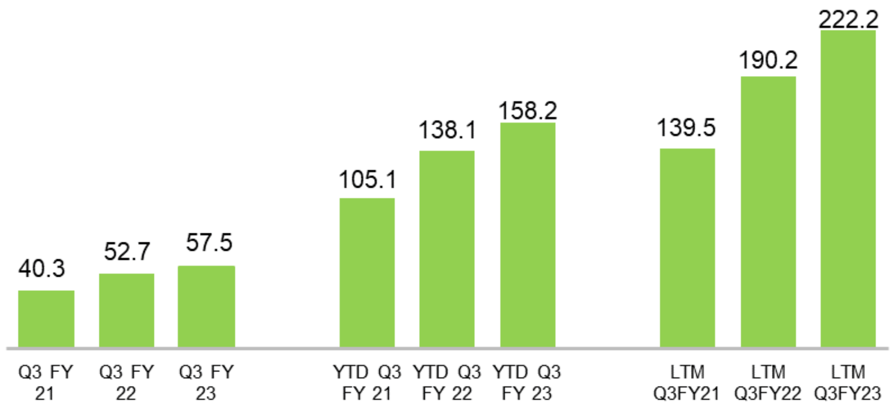
FranklinCovey Financial Summary

(in millions and unaudited)

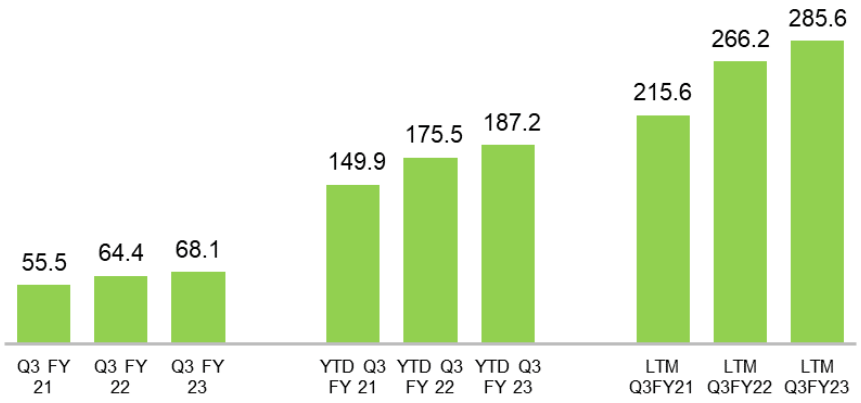
Sales



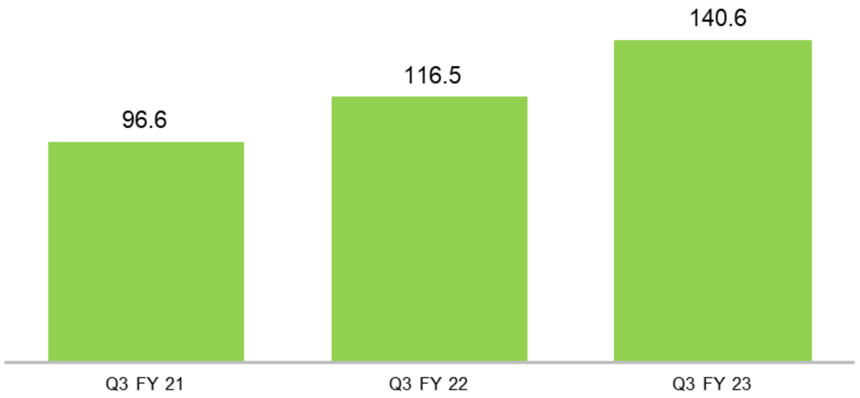
Subscription & Subscription Services



Invoiced

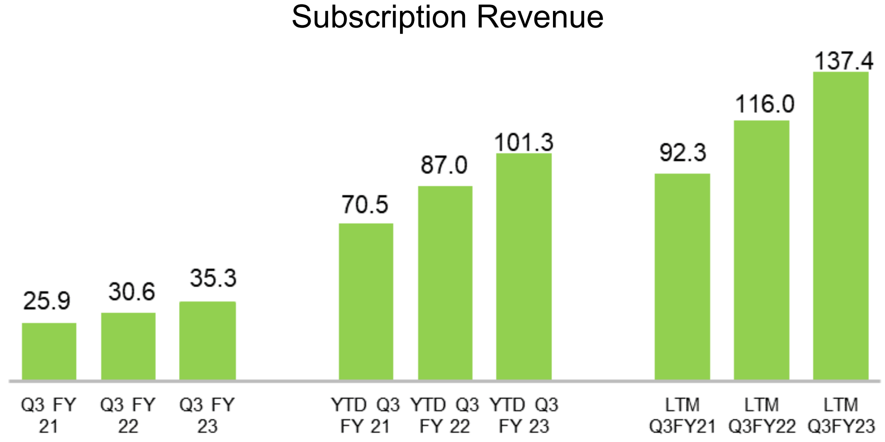


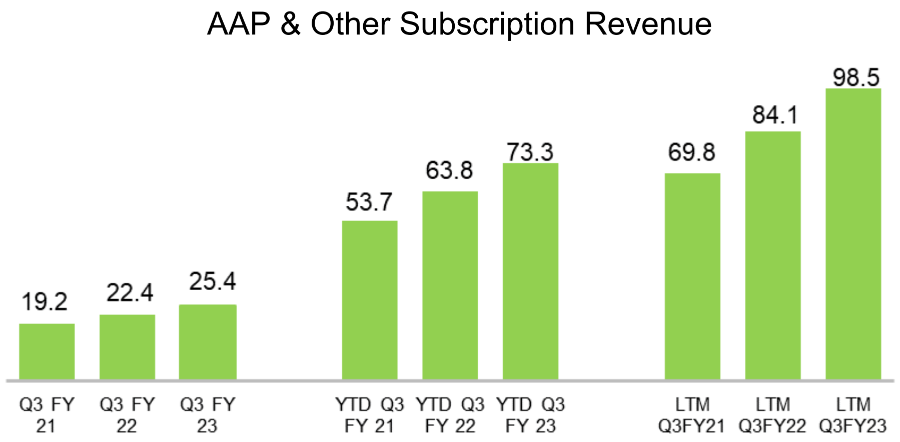
Deferred & Unbilled Deferred Revenue

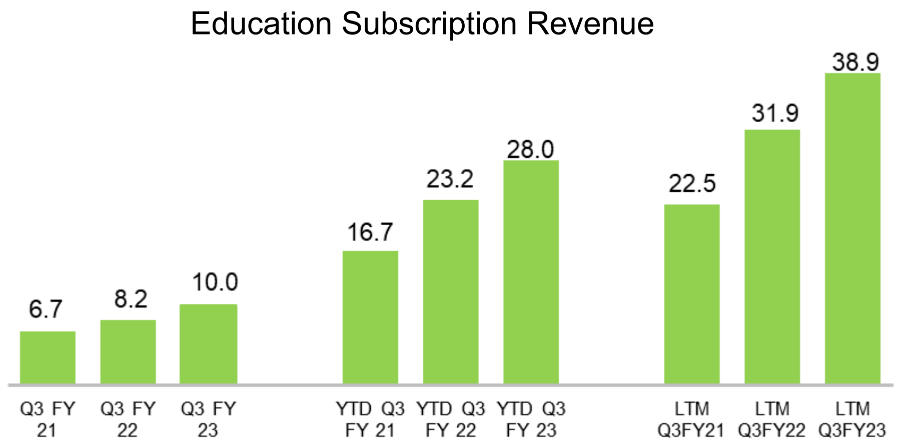


Trends in the Business

(in millions and unaudited)

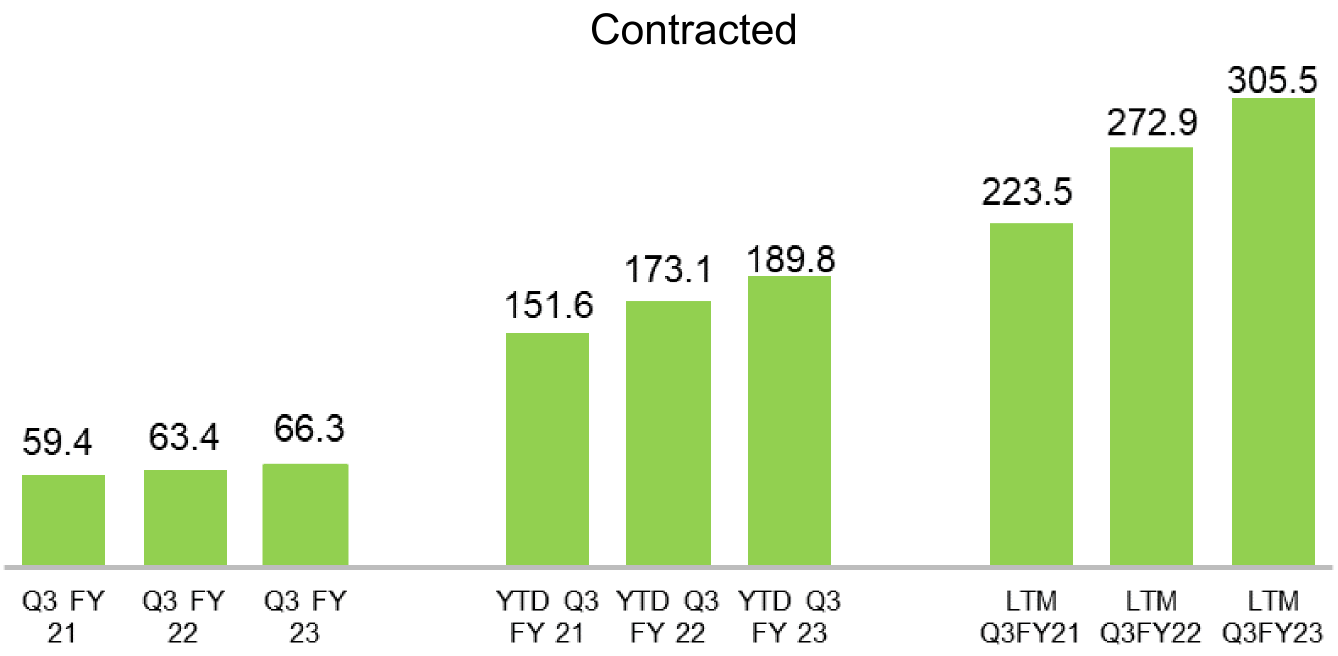






Contracted

(in millions and unaudited)



Sales Information

(in millions and unaudited)

				FY 2021					FY 2022					FY 2023		
	FY2018	FY2019	FY2020	Q1	Q2	Q3	Q4	FY2021	Q1	Q2	Q3	Q4	FY2022	Q1	Q2	Q3
Sales																
Reported Net Sales	209.8	225.4	198.5	48.3	48.2	58.7	68.9	224.2	61.3	56.6	66.2	78.8	262.8	69.4	61.8	71.4
Change in Deferred Revenue	11.4	8.3	2.4	(3.6)	1.6	(3.2)	21.7	16.5	(9.3)	2.6	(1.8)	19.5	11.0	(11.4)	(0.6)	(3.4)
Invoiced Amount	221.2	233.7	200.8	44.7	49.8	55.5	90.7	240.6	52.0	59.2	64.4	98.3	273.9	58.0	61.2	68.1
Balance Sheet																
Roll-Forward of Deferred Subscription Revenue																
Beginning Balance (deferred revenue)	36.4	48.4	58.2	60.6	57.0	58.5	55.3	60.6	77.0	67.8	70.4	68.5	77.0	88.1	76.7	76.1
Subscription Invoiced	69.7	82.8	88.9	18.0	24.4	22.7	50.8	115.9	19.1	30.6	28.8	55.6	134.1	21.6	32.3	31.9
Amounts Recorded to Revenue	(58.3)	(74.5)	(86.5)	(21.7)	(22.9)	(25.9)	(29.1)	(99.5)	(28.4)	(28.0)	(30.6)	(36.1)	(123.1)	(33.0)	(32.9)	(35.3)
Change in Deferred Revenue	11.4	8.3	2.4	(3.6)	1.6	(3.2)	21.7	16.4	(9.3)	2.6	(1.8)	19.5	11.0	(11.4)	(0.6)	(3.4)
FX, 606, and Other Changes	0.6	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (Def Subscription Revenue)	48.4	58.2	60.6	57.0	58.5	55.3	77.0	77.0	67.8	70.4	68.5	88.1	88.1	76.7	76.1	72.7
Unbilled Deferred Contracts																
Beginning Balance (off balance sheet)	17.2	24.5	29.9	39.6	40.5	37.4	41.3	39.6	50.4	53.4	49.0	48.0	50.4	65.4	74.9	69.7
New Unbilled Contracts	20.2	22.3	33.5	5.8	5.3	9.0	17.2	37.3	8.6	9.4	8.0	27.4	53.4	14.7	11.7	8.9
Amounts Invoiced	(12.9)	(16.9)	(23.9)	(5.0)	(8.3)	(5.2)	(8.1)	(26.5)	(5.6)	(13.8)	(9.0)	(10.0)	(38.4)	(5.1)	(16.9)	(10.3)
Ending Balance (off balance sheet)	24.5	29.9	39.6	40.5	37.4	41.3	50.4	50.4	53.4	49.0	48.0	65.4	65.4	74.9	69.7	68.2
Breakout of Deferred Sales (above)																
Subscription Sales (Invoiced Amounts)																
All Access Pass Subscriptions	48.8	58.3	63.6	15.9	22.5	16.9	25.8	81.0	16.4	28.2	20.8	26.7	92.1	18.6	28.4	20.8
Education Subscription Contracts	19.2	21.9	24.2	1.7	1.4	5.6	24.0	32.7	2.5	2.1	7.8	26.9	39.3	2.9	2.6	9.2
Other	1.7	2.7	1.2	0.4	0.6	0.2	1.0	2.2	0.2	0.3	0.2	2.0	2.7	0.2	1.4	1.9
Total Additions to balance sheet	69.7	82.8	88.9	18.0	24.4	22.7	50.8	115.9	19.1	30.6	28.8	55.6	134.1	21.6	32.3	31.9

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)

Third Quarter	Enterprise Division				Education Division				Corporate			Total Company			
	FY23	FY22	Change	%	FY23	FY22	Change	%	FY23	FY22	Change	FY23	FY22	Change	%
Sales	53.2	50.0	3.2	6.4%	17.1	14.4	2.6	18.3%	1.1	1.7	(0.6)	71.4	66.2	5.3	8.0%
Change in Deferred Subscription Revenue	(2.6)	(1.5)	(1.2)	79.9%	(0.8)	(0.4)	(0.4)	115.2%	(0.0)	(0.0)	0.0	(3.4)	(1.8)	(1.6)	86.8%
Invoiced Amounts	50.6	48.6	2.0	4.2%	16.3	14.1	2.2	15.9%	1.1	1.7	(0.6)	68.1	64.4	3.7	5.7%
Change in Unbilled Deferred Revenue	(1.6)	(0.7)	(0.9)		0.1	(0.3)	0.4		0.0	0.0	0.0	(1.5)	(1.0)	(0.5)	
Total Contracts Signed	49.0	47.9	1.1	2.4%	16.4	13.8	2.6	19.2%	1.1	1.7	(0.6)	66.6	63.4	3.2	5.1%

Last 12 Months	Enterprise Division				Education Division				Corporate			Total Company			
	FY23	FY22	Change	%	FY23	FY22	Change	%	FY23	FY22	Change	FY23	FY22	Change	%
Sales	205.4	188.3	17.1	9.1%	70.3	58.2	12.1	20.7%	5.7	6.5	(0.8)	281.4	253.0	28.4	11.2%
Change in Deferred Subscription Revenue	1.5	8.8	(7.2)	-82.4%	2.7	4.5	(1.9)	-41.3%	0.0	(0.0)	0.0	4.2	13.2	(9.0)	-68.3%
Invoiced Amounts	207.0	197.0	9.9	5.0%	72.9	62.7	10.2	16.2%	5.7	6.4	(0.7)	285.6	266.2	19.3	7.3%
Change in Unbilled Deferred Revenue	20.3	6.5	13.8	211.2%	(0.0)	0.2	(0.2)	-128.9%	(0.0)	0.0	(0.0)	20.2	6.7	13.5	202.9%
Total Contracts Signed	227.2	203.6	23.7	11.6%	72.9	62.9	10.0	15.9%	5.7	6.4	(0.7)	305.8	272.9	32.9	12.1%

As of May 31	Enterprise Division				Education Division				Corporate			Total Company			
	FY23	FY22	Change	%	FY23	FY22	Change	%	FY23	FY22	Change	FY23	FY22	Change	%
Deferred Subscription Revenue Balance	53.3	51.8	1.5	3.0%	19.4	16.8	2.7	15.8%			-	72.7	68.5	4.2	6.1%
Unbilled Deferred Revenue Balance	67.3	47.0	20.3	43.1%	0.9	0.9	(0.0)	-5.0%			-	68.2	48.0	20.2	42.1%
Total	120.6	98.8	21.8	22.1%	20.3	17.7	2.6	14.7%	-	-	-	140.9	116.5	24.4	20.9%

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		Three Quarters Ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Reconciliation of net income to Adjusted EBITDA:				
Net income	$ 4,563	$ 7,162	$ 10,969	$ 12,852
Adjustments:				
Interest expense (income), net	(8)	384	369	1,226
Income tax provision (benefit)	2,017	(1,597)	4,455	933
Amortization	1,086	1,329	3,270	4,106
Depreciation	934	1,217	3,131	3,686
Stock-based compensation	3,307	2,369	9,357	5,987
Increase in the fair value of contingent consideration liabilities	-	12	7	60
Adjusted EBITDA	$ 11,899	$ 10,876	$ 31,558	$ 28,850
Adjusted EBITDA margin	16.7%	16.4%	15.6%	15.7%

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

Additional Financial Information

(in thousands and unaudited)

	Quarter Ended		Three Quarters Ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Sales by Division/Segment:				
Enterprise Division:				
Direct offices	$ 50,382	$ 47,416	$ 144,194	$ 134,037
International licensees	2,835	2,610	9,048	8,196
	53,217	50,026	153,242	142,233
Education Division	17,082	14,439	45,631	37,202
Corporate and other	1,142	1,711	3,692	4,600
Consolidated	$ 71,441	$ 66,176	$ 202,565	$ 184,035
Gross Profit by Division/Segment:				
Enterprise Division:				
Direct offices	$ 40,425	$ 38,144	$ 116,199	$ 108,294
International licensees	2,549	2,340	8,184	7,344
	42,974	40,484	124,383	115,638
Education Division	10,929	9,790	28,497	24,749
Corporate and other	330	858	1,305	2,458
Consolidated	$ 54,233	$ 51,132	$ 154,185	$ 142,845
Adjusted EBITDA by Division/Segment:				
Enterprise Division:				
Direct offices	$ 11,322	$ 9,978	$ 32,212	$ 28,664
International licensees	1,415	1,303	4,787	4,418
	12,737	11,281	36,999	33,082
Education Division	1,649	1,887	1,309	1,798
Corporate and other	(2,487)	(2,292)	(6,750)	(6,030)
Consolidated	$ 11,899	$ 10,876	$ 31,558	$ 28,850

Condensed Consolidated Balance Sheets

(in thousands and unaudited)

	May 31, 2023	August 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 39,329	$ 60,517
Accounts receivable, less allowance for doubtful accounts of $3,867 and $4,492	55,476	72,561
Inventories	4,573	3,527
Prepaid expenses and other current assets	17,352	19,278
Total current assets	116,730	155,883
Property and equipment, net	9,699	9,798
Intangible assets, net	41,582	44,833
Goodwill	31,220	31,220
Deferred income tax assets	2,270	4,686
Other long-term assets	16,223	12,735
	$ 217,724	$ 259,155

	May 31, 2023	August 31, 2022
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of notes payable	$ 5,835	$ 5,835
Current portion of financing obligation	3,450	3,199
Accounts payable	7,102	10,864
Deferred subscription revenue	70,419	85,543
Other deferred revenue	17,660	14,150
Accrued liabilities	23,940	34,205
Total current liabilities	128,406	153,796
Notes payable, less current portion	2,764	7,268
Financing obligation, less current portion	5,344	7,962
Other liabilities	6,504	7,116
Deferred income tax liabilities	199	199
Total liabilities	143,217	176,341
Shareholders' equity:		
Common stock	1,353	1,353
Additional paid-in capital	229,134	220,246
Retained earnings	92,990	82,021
Accumulated other comprehensive loss	(665)	(542)
Treasury stock at cost, 13,866 and 13,203 shares	(248,305)	(220,264)
Total shareholders' equity	74,507	82,814
	$ 217,724	$ 259,155

Condensed Consolidated Income Statements

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

	Quarter Ended		Three Quarters Ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Net sales	$ 71,441	$ 66,176	$ 202,565	$ 184,035
Cost of sales	17,208	15,044	48,380	41,190
Gross profit	54,233	51,132	154,185	142,845
Selling, general, and administrative	45,641	42,637	131,991	120,042
Depreciation	934	1,217	3,131	3,686
Amortization	1,086	1,329	3,270	4,106
Income from operations	**6,572**	**5,949**	**15,793**	**15,011**
Interest income (expense), net	8	(384)	(369)	(1,226)
Income before income taxes	**6,580**	**5,565**	**15,424**	**13,785**
Income tax benefit (provision)	(2,017)	1,597	(4,455)	(933)
Net income	**$ 4,563**	**$ 7,162**	**$ 10,969**	**$ 12,852**
Net income per common share:				
Basic	$ 0.33	$ 0.51	$ 0.79	$ 0.90
Diluted	0.32	0.51	0.76	0.90
Weighted average common shares:				
Basic	13,621	14,173	13,799	14,244
Diluted	14,273	14,175	14,437	14,273
Other data:				
Adjusted EBITDA[1]	$ 11,899	$ 10,876	$ 31,558	$ 28,850

(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)

	Three Quarters Ended	
	May 31, 2023	May 31, 2022
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 10,969	$ 12,852
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,401	7,792
Amortization of capitalized curriculum costs	2,385	2,374
Stock-based compensation	9,357	5,987
Deferred income taxes	2,399	(1,409)
Change in fair value of contingent consideration liabilities	7	60
Amortization of right-of-use operating lease assets	633	695
Changes in working capital	(6,204)	11,185
Net cash provided by operating activities	25,947	39,536
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,545)	(2,080)
Curriculum development costs	(6,841)	(1,379)
Net cash used for investing activities	(10,386)	(3,459)
FREE CASH FLOW	$ 15,561	$ 36,077

Enterprise Division Financial Summary

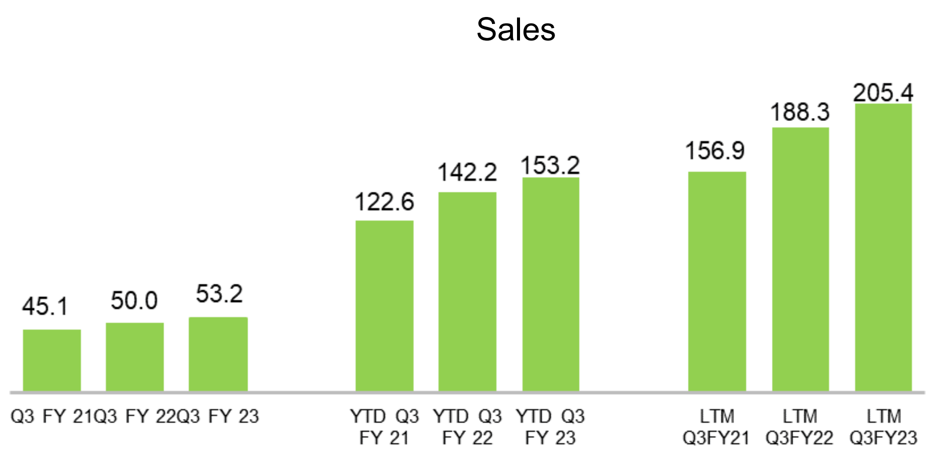
(in millions and unaudited)

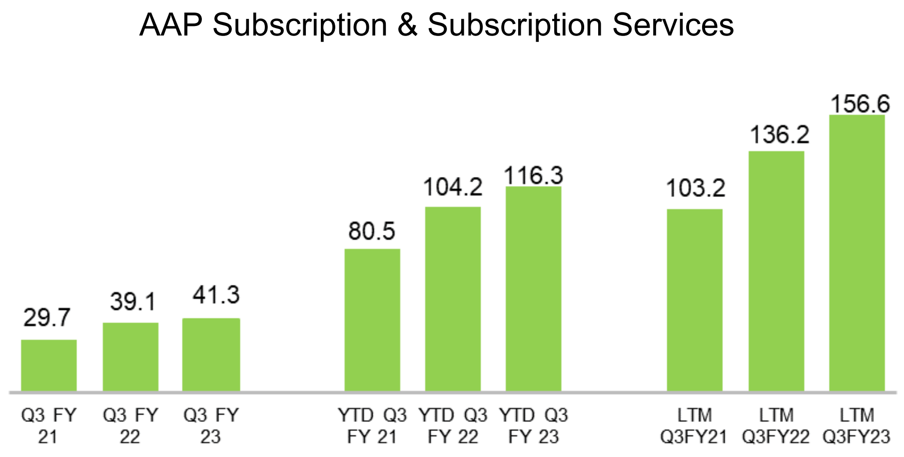
	Q3 FY 23	Q3 FY 22	Chg	%	YTD Q3FY23	YTD Q3FY22	Chg	%	LTM Q3 FY23	LTM Q3 FY 22	Chg	%
Sales	$ 53.2	$ 50.0	$ 3.2	6.4%	$ 153.2	$ 142.2	$ 11.0	7.7%	$ 205.4	$ 188.3	$ 17.1	9.1%
Cost of Sales	10.2	9.5	0.7	7.3%	28.9	26.6	2.3	8.5%	39.2	35.1	4.1	11.6%
Gross Profit	43.0	40.5	2.5	6.2%	124.4	115.6	8.7	7.6%	166.2	153.1	13.1	8.5%
Gross Profit %	80.8%	80.9%	(17)	bps	81.2%	81.3%	(13)	bps	80.9%	81.3%	(43)	bps
Operating SG&A	30.2	29.2	1.0	3.5%	87.4	82.6	4.8	5.8%	119.8	113.8	6.0	5.2%
Operating SG&A %	56.8%	58.4%	156	bps	57.0%	58.0%	102	bps	58.3%	60.5%	215	bps
Adjusted EBITDA	$ 12.7	$ 11.3	$ 1.5	12.9%	$ 37.0	$ 33.1	$ 3.9	11.8%	$ 46.4	$ 39.3	$ 7.1	18.1%

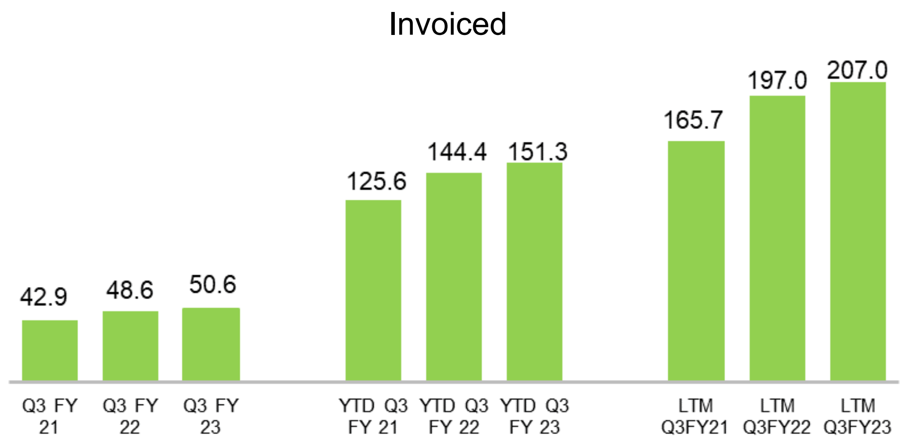
Note: Adjusted EBITDA and Operating SG&A are non-GAAP financial measures; please see Appendix for additional information. Amounts may not total due to rounding.

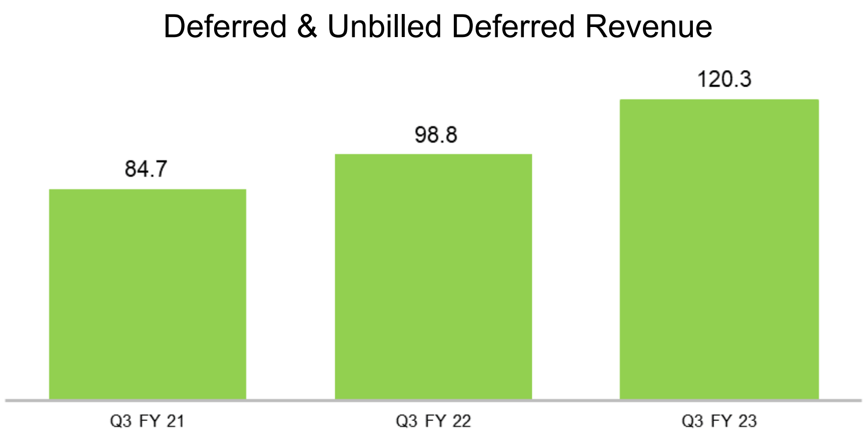
Enterprise Division Financial Summary

(in millions and unaudited)









Enterprise Division AAP & Related Revenue

(in millions and unaudited)

	LTM Q3FY23	LTM Q3FY22	LTM Q3FY21	Q3FY23	Q2FY23	Q1FY23	Q4FY22	Q3FY22
AAP Sales	$98.5	$84.1	$69.8	$25.4	$24.1	$23.8	$25.2	$22.4
AAP Add on Sales*	58.1	52.1	33.4	16.0	11.3	15.8	15.1	16.6
Total AAP and Related	**156.6**	**136.2**	**103.2**	**41.3**	**35.4**	**39.6**	**40.3**	**39.1**
Percent of AAP and Related Sales to Total Enterprise Sales	**76%**	**72%**	**66%**	**78%**	**76%**	**74%**	**77%**	**78%**
Legacy Sales	29.2	33.4	37.3	6.9	6.0	8.4	7.8	6.2
International licensees	11.4	9.8	8.8	2.8	2.9	3.3	2.4	2.6
Other Sales	8.2	8.9	7.6	2.1	2.3	2.2	1.7	2.2
Total Enterprise Sales	**$205.4**	**$188.3**	**$156.9**	**$53.2**	**$46.6**	**$53.4**	**$52.2**	**$50.0**

	LTM Q3FY23	LTM Q3FY22	LTM Q3FY21	Q3FY23	Q2FY23	Q1FY23	Q4FY22	Q3FY22
North America Sales	$151.3	$136.3	$111.7	$39.1	$34.1	$38.7	$39.4	$37.8
International Direct Office Sales	34.5	33.3	28.8	$9.2	$7.3	$9.3	$8.8	$7.4
Other Sales	8.2	8.9	7.6	2.1	2.3	2.2	1.7	2.2
Total Direct Office Division Sales	194.0	178.4	148.0	50.4	43.6	50.2	49.8	47.4
International Licensees	11.4	9.8	8.8	2.8	2.9	3.3	2.4	2.6
Total Enterprise Sales	**$205.4**	**$188.3**	**$156.9**	**$53.2**	**$46.6**	**$53.4**	**$52.2**	**$50.0**

Note: Beginning in Q1 FY22, the Company reclassified China sales from “Other” to Legacy to reflect the Company’s emphasis to beg in selling AAP in China. Prior periods have been restated to be consistent with the presentation. Legacy Sales are the sales in areas where AAP is being offered that are not associated with an AAP sale. If a historical Legacy client purchases an AAP, all future facilitator materials or consulting sales from that client are considered to be AAP related.

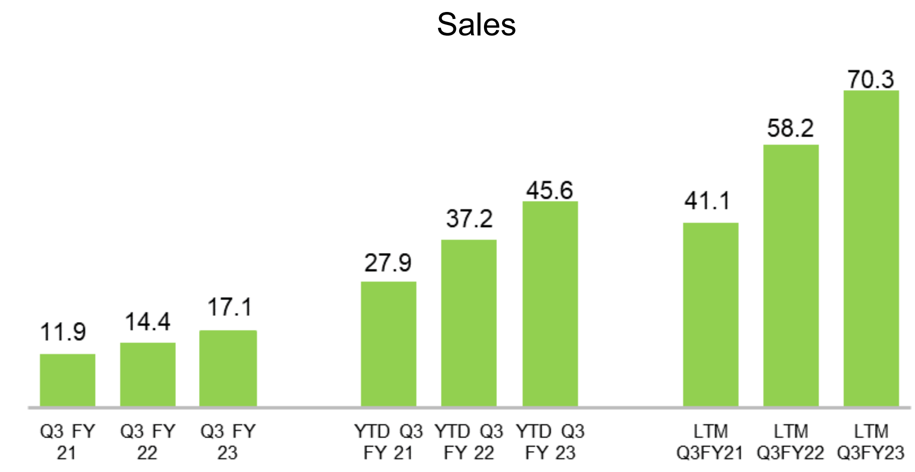
Education Division Financial Summary

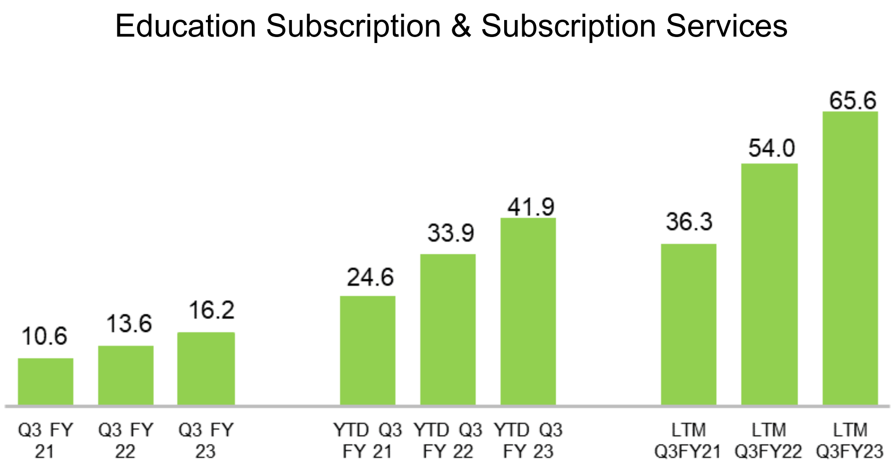
(in millions and unaudited)

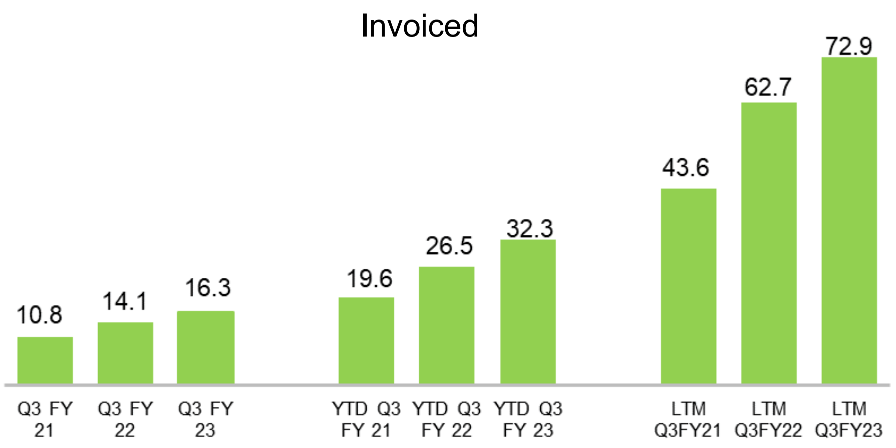
	Q3 FY 23	Q3 FY 22	Chg	%	YTD Q3FY23	YTD Q3FY22	Chg	%	LTM Q3 FY23	LTM Q3 FY 22	Chg	%
Sales	$ 17.1	$ 14.4	$ 2.6	18.3%	$ 45.6	$ 37.2	$ 8.4	22.7%	$ 70.3	$ 58.2	$ 12.1	20.7%
Cost of Sales	6.2	4.6	1.5	32.4%	17.1	12.5	4.7	37.6%	25.3	18.2	7.1	39.0%
Gross Profit	10.9	9.8	1.1	11.6%	28.5	24.7	3.7	15.1%	45.0	40.0	4.9	12.4%
Gross Profit %	64.0%	67.8%	(382)	bps	62.5%	66.5%	(407)	bps	64.0%	68.7%	(475)	bps
Operating SG&A	9.3	7.9	1.4	17.4%	27.2	23.0	4.2	18.5%	37.0	31.4	5.6	18.0%
Operating SG&A %	54.3%	54.7%	41	bps	59.6%	61.7%	211	bps	52.7%	53.9%	121	bps
Adjusted EBITDA	$ 1.6	$ 1.9	($0.2)	-12.6%	$ 1.3	$ 1.8	($0.5)	-27.2%	$ 7.9	$ 8.6	($0.7)	-8.2%

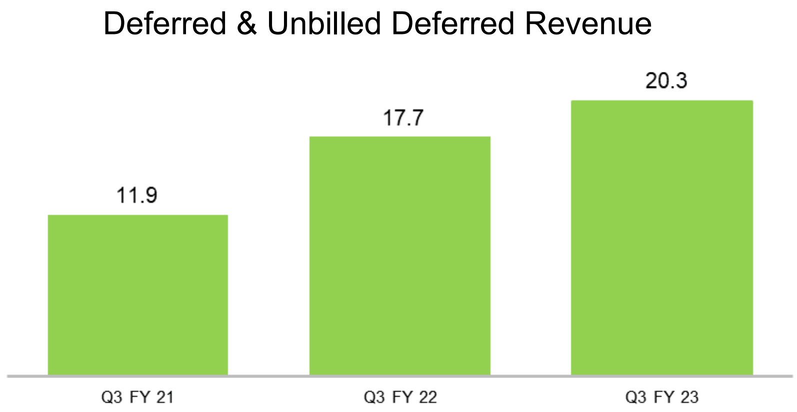
Note: Adjusted EBITDA and Operating SG&A are non -GAAP financial measures; please see Appendix for additional information. Amou nts may not total due to rounding.

Education Division Financial Summary
(in millions and unaudited)









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 recuring revenue.

Leena Rinne
VP, Consulting Strategy & Operations

Thank You