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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):
November 1, 2020

FRANKLIN COVEY CO.

(Exact name of registrant as specified in its charter)

Commission File No. 1-11107

Utah	87-0401551
(State or other jurisdiction of incorporation)	(IRS Employer Identification Number)

2200 West Parkway Boulevard
Salt Lake City, Utah 84119-2099
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: **(801) 817-1776**

Former name or former address, if changed since last report: **Not Applicable**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.05 Par Value	FC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition

On November 5, 2020, Franklin Covey Co. (the Company) announced its financial results for the fourth quarter of fiscal 2020 and full fiscal year, which ended on August 31, 2020. A copy of the earnings release is being furnished as exhibit 99.1 to this current report on Form 8-K.

Certain information in this Report (including the exhibit) is furnished pursuant to Item 2.02 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective November 1, 2020, Scott J. Miller transitioned from his role as Executive Vice-President of Thought Leadership at Franklin Covey Co. to that of an independent contractor and senior advisor to the Company’s thought leadership and marketing operations. In this new role, Mr. Miller will continue to oversee the Company’s thought leadership and marketing operations, while also having the opportunity to become an author and speaker for the Company’s titles, and non-competitively for his own works. Mr. Miller has served as an executive since March 2012, and has been instrumental in the development of the Company’s offerings and marketing activities.

In connection with this transition, the Company and Mr. Miller signed a severance agreement, an independent contractor agreement, and an intellectual property agreement. The severance agreement is attached hereto as exhibit 10.1; the independent contractor agreement is attached as exhibit 10.2; and the intellectual property agreement is attached as exhibit 10.3. The contents of these exhibits are incorporated by reference herein.

Item 7.01 Regulation FD Disclosure

On October 22, 2020, the Company announced that it would host a discussion for shareholders and the financial community to review its financial results for the fourth quarter of fiscal 2020 and full fiscal year, which ended on August 31, 2020. The discussion is scheduled to be held on Thursday, November 5, 2020, at 5:00 p.m. Eastern Time (3:00 p.m. Mountain Time).

Interested persons can participate by dialing 800-446-2782 (International participants may dial 847-413-3235), access code: 49992976. Alternatively, a webcast will be accessible at the following Web site: https://edge.media-server.com/mmc/p/idnvz4jm. The webcast will remain accessible through November 19, 2020 on the Investor Relations area of the Company’s website at www.franklincovey.com.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1	Separation Agreement and General Release between Scott J. Miller and Franklin Covey Co., dated November 1, 2020.
10.2	Independent Contractor Agreement between Scott J. Miller and Franklin Covey Co., dated November 1, 2020.
10.3	Intellectual Property Agreement between Scott J. Miller and Franklin Covey Co., dated November 1, 2020.
99.1	Earnings release dated November 5, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FRANKLIN COVEY CO.

Date:	November 5, 2020	By:	/s/ Stephen D. Young
			Stephen D. Young
			Chief Financial Officer

Exhibit 10.1

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (hereinafter "Agreement") is offered to Scott Miller (hereinafter "Employee") this 1st day of November, 2020 by Franklin Covey Co., (hereinafter "FranklinCovey").

RECITALS

Employee's employment with FranklinCovey will be terminated effective October 31, 2020 ("Termination Date"). In exchange for the consideration described herein, FranklinCovey is willing to provide Employee with severance compensation which Employee is not otherwise entitled to receive as set forth below.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth below, and intending to be legally bound thereby, FranklinCovey and Employee covenant and agree as follows:

1. Severance Benefits.

a. Salary Continuation: In addition to any compensation otherwise due Employee, Employee shall receive severance compensation in the gross amount of $480,769.23. The severance payment shall be payable as a single lump sum amount (less all customary federal, state, and local taxes and other withholdings which Employee would not otherwise be entitled to receive) on FranklinCovey's first regular payday following the expiration of the 7-day revocation period referenced in Paragraph 4.d. hereof. Employee shall not be entitled to accrue any additional leave or other benefits subsequent to Termination Date.

b. Incentive Plans: Employee has received his portion of FranklinCovey's short term incentive plan ("STIP") for fiscal year 2020. Further, Employee shall receive stock compensation related to FranklinCovey's long-term incentive plans ("LTIP") that are determined to have vested prior to the Termination Date. Employee forfeits all other rights related to all other outstanding LTIP awards and will receive no further LTIP awards.

c. COBRA & Other Benefits: If Employee chooses to elect COBRA coverage, FranklinCovey will pay employee's COBRA premiums for a total of 50 weeks based on Employee's current participation in FranklinCovey's medical and dental benefit elections. COBRA severance benefits under this paragraph shall be paid by FranklinCovey directly to FranklinCovey's COBRA administrator. If there is a change in family status during Employee's COBRA eligibility, or if there is a new COBRA qualifying event, FranklinCovey's contributions to your coverage payment will remain fixed or be reduced if the qualifying event decreases the premium amount. Any COBRA coverage ends for Employee and dependants when new health or dental coverage becomes effective. Employee must notify FranklinCovey of the effective date of any new coverage. All other benefits terminate as of the Termination Date. FranklinCovey will not reimburse employee for any medial or dependant care flexible spending plan premiums or contributions.

2. Release. In exchange for the severance compensation described in Paragraph 1 above, Employee hereby fully and forever unconditionally releases and discharges FranklinCovey, all of its past and present parent, subsidiary, affiliated and related corporations, their predecessors, successors and assigns, together with their divisions and departments, and all past or present officers, directors, employees, insurers and agents of any of them (hereinafter referred to collectively as "Releasees"), and Employee covenants not to sue or assert against Releasees, for any purpose, any or all claims, administrative complaints, demands, actions and causes of action, of every kind and nature whatsoever, whether at law or in equity, and both negligent and intentional, arising from or in any way related to Employee's employment by FranklinCovey, based in whole or in part upon any act or omission, occurring on or before the date of this general release, without regard to Employee's present actual knowledge of the act or omission, which Employee may now have, or which she, or any person acting on Employee's behalf may at any future time have or claim to have, including specifically, but not by way of limitation, matters which may arise at common law or under federal, state or local laws, including but not limited to the Fair Labor Standards Act, the Employee Retirement Income Security Act, the National Labor Relations Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Equal Pay Act, the Family and Medical Leave Act, the Utah Labor Code and any other state or federal laws, excepting only any claim for worker's compensation, unemployment compensation and COBRA rights. Employee does not waive or release any rights arising after the date of execution of this Agreement.

FranklinCovey hereby fully and forever releases and discharges Employee from any and all claims, demands, actions, causes of action, judgments and liabilities of any kind or nature whatsoever in law, equity or otherwise, whether known or unknown, suspected or unsuspected, which have existed or may have existed or which do exist, including, but not limited to, those which may be based in whole or in part on, or may arise from or are or may be related to Employee's employment with FranklinCovey and the termination thereof, from the beginning of time to the date of the signing of this Agreement. Notwithstanding the foregoing, Employee agrees and understands that he remains subject to FranklinCovey's executive officer incentive payment clawback policy.

3. Employee Obligations and Covenants to FranklinCovey.

a. Representations and Warranties: Miller hereby represents and warrants that (1) he is unaware of any conduct or actions, whether involving himself or not, that could give rise to a whistleblower action involving FranklinCovey; (2) he is unaware of anything in his conduct or behavior, or the conduct or behavior of anyone else, that could give rise to a future claim involving FranklinCovey; and (3) he has made FranklinCovey aware of all facts and circumstances of which he is aware that could give rise to a claim against FranklinCovey.

b. Deductions from Severance: All debts owed by Employee to FranklinCovey shall be deducted from the severance amount payable under this Agreement. Debts include, without limitation, loans or advances made to Employee, personal expenses incurred by Employee by Employee's use of FranklinCovey instruments and facilities, such as calling cards, long distance charges, credit card charges, lunch room expenses, store purchases, and any overpayments made to Employee.

c. Return of FranklinCovey Property: All FranklinCovey property issued to or in Employee's possession must be returned to FranklinCovey on or before the Termination Date. FranklinCovey property includes, without limitation, access cards, keys, computers, cellular phones, databases, discs, client lists, books, credit cards, video tapes, etc. Notwithstanding the foregoing, for so long as Employee has a valid independent contractor agreement with FranklinCovey, Employee may continue to use his FranklinCovey-issued laptop computer and FranklinCovey email address. Employee acknowledges that he will no longer have access to certain FranklinCovey computer drives or systems.

d. Confidentiality, Non-Solicitation & Non-Disparagement: During Employee's employment, Employee has obtained information or knowledge which is confidential and/or proprietary in nature concerning FranklinCovey's business, operations, services, products or equipment. As a condition of receiving the severance pay set forth in Paragraph 1 above, Employee covenants and agrees as follows:

(1) *Confidential Information*: Employee hereby acknowledges that Employee remains subject to and agrees to abide by any and all existing duties and obligations respecting confidential and/or proprietary information of FranklinCovey. Employee shall not disclose or assist others in using or disclosing any proprietary information or documents, including, without limitation, customer lists, vendor and supplier lists, or any other confidential or proprietary information to compete or to assist others to compete, either directly or indirectly, with the business of FranklinCovey.

(2) *Non-Solicitation of Customers, Clients, Employees & Contractors*: Beginning upon execution of this Agreement and extending to the latest of (a) two (2) years following the Termination Date, (b) the termination of the Independent Contractor Agreement dated November 1, 2020, or (c) the termination of the Intellectual Property Agreement dated November 1, 2020, Employee shall not contact any FranklinCovey client, vendor or supplier for the purpose of selling or distributing products or services that compete, directly or indirectly, with those offered by FranklinCovey, unless Employee obtains the express written permission of FranklinCovey. Employee shall not induce any employee of FranklinCovey to terminate his/her employment with FranklinCovey for any reason, or hire or solicit any independent contractor under contract with FranklinCovey or encourage any independent contractor to terminate such relationships with FranklinCovey.

(3) *Non-Disparagement:* Employee agrees that Employee will not make any statements that disparage, demean or criticize FranklinCovey, its directors, officers, managers, employees, business practices, strategies, products or services. Nothing in this provision shall prevent Employee from making a truthful statement under oath as a witness in a proceeding by a court of competent jurisdiction or administrative agency.

FranklinCovey agrees that its Board Members, Executive level employees and managers will not make any statements that disparage, demean or criticize Employee. Nothing in this provision shall prevent FranklinCovey's employees from making a truthful statement under oath as a witness in a proceeding by a court of competent jurisdiction or administrative agency.

4. Compliance with Older Workers Benefits Protections Act.

a. FranklinCovey hereby advises Employee in writing, and Employee acknowledges and represents that Employee is hereby advised to consult with an attorney prior to executing this Agreement. Employee acknowledges and represents that Employee has had the opportunity to consult with an attorney before signing this Agreement, and Employee either has done so, or has voluntarily chosen not to consult with an attorney. Employee acknowledges and represents that this Agreement is written in a manner which is understandable, and that this Agreement is entered into under Employee's own free will and without duress or coercion from any person or entity.

b. Employee acknowledges and agrees that the release of claims under the Age Discrimination in Employment Act contained in this Agreement is given by Employee in exchange for consideration in addition to anything of value to which Employee may already be entitled. Employee does not waive any rights or claims that may arise after the execution date of this Agreement.

c. FranklinCovey hereby informs Employee in writing, and Employee acknowledges and represents that Employee has been informed that Employee has twenty-one (21) days within which to consider this Agreement and that this Agreement will remain available for acceptance by Employee for this twenty-one (21) day period, commencing on the date this Agreement is provided to Employee.

d. FranklinCovey hereby informs Employee in writing, and Employee acknowledges and represents that Employee has been informed that Employee has the right to rescind this Agreement for a period of seven (7) days following the date upon which Employee executes this Agreement. Should Employee choose to exercise this right, Employee agrees that any such notice must be provided to and received by FranklinCovey in writing prior to lapse of the seven-day revocation period.

e. It is understood and agreed by the parties hereto that if Employee timely exercises Employee's right of revocation under Paragraph 4.d. that FranklinCovey shall have no obligations whatsoever under this Agreement to Employee and that all of the obligations, representations and warranties made by FranklinCovey in this Agreement shall be null and void.

5. Confidentiality of Agreement. Employee hereby acknowledges and agrees that the fact and existence of this Agreement, including all of it terms and provisions, is strictly confidential and shall not be disclosed to any person or entity other than as may be necessary to comply with federal or state tax laws. Violation of this Confidentiality obligation shall result in a forfeiture of Employee's rights under this Agreement, and FranklinCovey shall have the right to immediately terminate the Intellectual Property Agreement dated November 1, 2020 and the Independent Contractor Agreement dated November 1, 2020.

GENERAL PROVISIONS

6. Non-Assignment of Rights. Employee warrants that he/she has not assigned or transferred any right or claim described in the general release given in Paragraph 2 above.

7. No Reliance on Extraneous Information. Employee acknowledges that, in signing this Agreement, Employee is not relying on any information provided to Employee by FranklinCovey, nor is Employee relying upon FranklinCovey to provide any information.

8. Modification. No provision of this Agreement shall be amended, waived or modified except by an instrument in writing signed by the parties hereto.

9. Voluntary Execution. Employee hereby represents that Employee has read and understands the contents of this Agreement, that no representations other than those contained herein have been made to induce Employee or to influence Employee to execute this Agreement, but that Employee executes this Agreement knowingly and voluntarily, after having been advised to seek independent legal counsel of Employee's own choosing.

10. Severance. If any provision of this Agreement is held to be invalid, illegal, or unenforceable by any court of competent jurisdiction for any reason, the invalid or unenforceable portion shall be deemed severed from this Agreement and the balance of this Agreement shall remain in full force and effect and be enforceable in accordance with the non-severed provisions of this Agreement.

11. **Integration**. This Agreement contains the entire agreement between the parties and supersedes all prior agreements. This Agreement shall not be amended or otherwise modified in any manner except in a writing executed by the parties hereto. The parties further acknowledge that they are not relying on any information or representations other than those recited in this Agreement.

12. **Rights of Non-Parties**. All persons or entities against whom claims are released or waived by this Agreement are either party to or intended beneficiaries of this Agreement and shall have the same right and ability to enforce the release or waiver provided by this Agreement as though a party and signatory hereto.

13. **Right to Seek Legal Counsel**. Employee acknowledges that Employee has been, and hereby is, advised to seek legal counsel and to review this document with legal counsel of Employee's choice. Employee acknowledges that this Agreement is written in a manner understandable to Employee.

14. **Governing Law**. This Agreement has been entered into in the State of Utah and shall be governed by Utah Law. Any action to interpret or enforce this Agreement shall be brought and maintained in the Third Judicial District Court for the State of Utah or the United States District Court for the District of Utah and the parties hereto expressly consent to the exercise of personal jurisdiction of such Courts with respect to any action to interpret or enforce this Agreement.

15. **Binding Against Heirs**. This Agreement is binding upon the parties hereto and their heirs, successors and assigns.

16. **Non-Waiver**. No failure to exercise or enforce or delay in exercising or enforcing, or partial exercise or enforcement of, any right, obligation or commitment under this Agreement shall constitute a waiver thereof, nor shall it preclude any other or further exercise or enforcement of any right, obligation or commitment under this Agreement.

17. **Signature by Counterparts**. This Agreement may be executed in one or more counterpart(s), each of which shall be valid and enforceable as an original signature as though all original signatures had been obtained on the signature page of this Agreement.

18. **Facsimile Signatures**. A fully executed facsimile copy and/or photocopy of this Agreement is legally enforceable and binding the same as the original Agreement.

ACCEPTED AND AGREED:

Date: November 3, 2020 /s/ Scott Miller
EMPLOYEE

FRANKLIN COVEY CO.

Date: November 3, 2020 By: /s/ Robert A. Whitman
Its: Chief Executive Officer

Exhibit 10.2

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement ("Agreement") is entered into by and between FRANKLIN COVEY CO. ("Franklin Covey"), with a principal place of business at 2200 W. Parkway Blvd., SLC, UT 84119, and SCOTT MILLER ("Contractor"), with a principal place of business at 235 A Street, Salt Lake City, 84103. Franklin Covey hereby engages Contractor, and Contractor agrees to be engaged as an independent contractor to perform the services described herein and on the attached Exhibit "A" (the "Services") subject to the following terms and conditions:

1. Franklin Covey shall have no responsibility for federal or state income tax withholding, FICA, worker's compensation insurance, or any other state or federal payments for or on behalf of Contractor. Contractor is personally liable for all income tax, FICA and other similar obligations incurred with respect to payments made by Franklin Covey to Contractor pursuant to this Agreement and on the earnings paid to any workers hired by Contractor, and shall indemnify, defend and hold Franklin Covey harmless from and against any such (alleged or actual) losses, damages, liabilities, claims or obligations.

2. Unless stated in this Agreement or another written agreement between Contractor and Franklin Covey, Contractor will not be eligible to participate in any medical, health, life, disability, or other insurance programs or other benefits provided by Franklin Covey to its regular employees.

3. Unless stated in another written agreement between Contractor and Franklin Covey, Contractor will be paid only for Services performed under this Agreement up to and including the last date Contractor provides Services pursuant to this Agreement.

4. Except as provided on Exhibit "A" attached hereto or as otherwise agreed by the parties in writing, Contractor shall (i) provide all equipment and materials necessary to perform the Services, and (ii) have the right to perform the Services in the manner and using the means Contractor in his or her sole discretion deems necessary and appropriate.

5. Contractor's title shall be Senior Advisor, Thought Leadership. Although Contractor has certain management and supervisory responsibilities as set forth in Exhibit A, Contractor acknowledges and agrees that he does not have signing authority for Franklin Covey and shall not hold himself out to third parties as having signing authority for Franklin Covey. Contractor acknowledges and agrees that he does not have the authority/responsibility to approve Franklin Covey expenses.

6. Contractor shall be paid for Services rendered pursuant to this Agreement as described herein and on the attached Exhibit "A" and at the prices described herein and on Exhibit "B" and shall not be entitled to any other compensation or benefits during the term of this Agreement or following its termination, unless stated in another written agreement. Contractor shall also agree to and sign the other forms attached hereto as Exhibits C.

7. Unless stated in another written agreement between Contractor and Franklin Covey, Contractor agrees all Services performed by Contractor are "works for hire," and all deliverables, whether tangible or intangible, shall be the sole and exclusive property of Franklin Covey and Consultant agrees to execute any document that asserts that right and transfer of ownership.

8. In the event Contractor delivers a keynote paid for by a Franklin Covey client, Contractor shall receive the standard consultant keynote rate, determined as follows: (a) if Franklin Covey charges the client $7,500 or more for the keynote, the standard consultant rate is twenty-seven percent (27%) of the amount charged to the client for the keynote; and (b) if Franklin Covey charges the client less than $7,500 for the keynote, the standard consultant rate is $1,800. In the event Franklin Covey utilizes Contractor to deliver in-person field marketing events for which Franklin Covey would have otherwise paid a Franklin Covey consultant, Contractor shall be paid the normal Franklin Covey internal consultant rate for employees of a similar level of experience and qualification In the event Contractor delivers a keynote sold by Franklin Covey and the subject of the keynote is intellectual property owned by Contractor, Franklin Covey shall receive the revenue from the client, and Contractor shall be paid fifty percent (50%) of the revenue received from the client.

9. In the event Contractor desires to engage in any business activities outside of this Agreement, during the term of this Agreement (regardless of whether those activities relate to Franklin Covey), Contractor shall first disclose and discuss the proposed activity with Franklin Covey. Contractor may only engage in the proposed business activity with the express written consent of Franklin Covey, which consent may be withheld in Franklin Covey's sole discretion to protect Franklin Covey's interests.

10. Contractor shall not contract with or otherwise engage fulltime Franklin Covey employees to perform any non-Franklin Covey work, unless Contractor receives express written permission from Franklin Covey to allow such work. In the event Contractor receives such express written permission from Franklin Covey, Contractor will reimburse Franklin Covey for the time worked by the Franklin Covey employee based on such employee's calculated hourly rate. Notwithstanding the foregoing, the restrictions in this paragraph do not apply to natural, normal, short conversations that take place between Contractor and Franklin Covey employees based on long term friendships, provided that no Franklin Covey proprietary information is exchanged or discussed.

11. Contractor shall be responsible for his or her own business expenses incurred in rendering the Services pursuant to this Agreement except as outlined in Exhibit B below.

12. The term of this Agreement shall be effective with the date given below and continue in full force and effect for an initial term of three (3) years. Either party may terminate this Agreement at any time by giving six (6) months written notice to the other party of the intent to terminate. Franklin Covey may terminate the Agreement immediately upon any of the following: (a) Contractor declares bankruptcy; (b) Contractor is charged with a felony; (c) Contractor performs unauthorized actions on behalf of Franklin Covey; (d) if, after diligent inquiry and in good faith, Franklin Covey determines that Contractor is the subject of a credible accusation of a felony or any crime involving perjury, fraud, or sexual misconduct; (e) Contractor is the subject of a credible accusation that is reasonably considered to be severely damaging to Contractor's or Franklin Covey's reputation; (f) Contractor materially breaches this Agreement, including exceeding the Franklin Covey Thought Leadership budget, the Separation Agreement and General Release dated November 1, 2020, or the Intellectual Property Agreement dated November 1, 2020; or (g) Contractor engages with industries that sell goods or services with which Franklin Covey does not want to be associated (provided however, that Franklin Covey will provide Contractor with notice of any such objection and provide Contractor a reasonable amount of time and opportunity to dissociate with said industry). Upon termination, Contractor shall return to Franklin Covey all Franklin Covey equipment and confidential information supplied by Franklin Covey to Contractor, including but not limited to, manuals, DVDs, CD's and all material pertaining to Franklin Covey's training programs and remove all of the foregoing (e.g., materials, DVDs, CDs, data embedded in or found on Contractor's equipment, etc.). Upon termination of this Agreement for any reason, Franklin Covey shall pay Contractor for the Services rendered prior to the date of termination, and Contractor agrees that he is not entitled to any further payment, including but not limited to a severance payment or liquidated damages payment.

13. Contractor represents that he has the training, expertise, and experience necessary to perform the Services and he routinely holds himself out to the business community as a qualified provider of services similar to the Services.

14. Contractor warrants the Services shall not infringe the proprietary or intellectual property rights of others. Contractor further warrants he or she shall not use or disclose to Franklin Covey any third party confidential information without prior written authorization.

15. Contractor shall indemnify, hold harmless and defend Franklin Covey from any liability, loss, damage, claim or expense, including costs and attorneys' fees, that result from (a) the negligent or willful act or omission of Contractor or his agents or representatives while performing the Services or while on Franklin Covey's premises, and (b) Contractor's breach of any warranty hereunder.

16. At all times while on Franklin Covey's premises or a client's premises, Contractor shall conduct himself in a business-like manner and observe all Franklin Covey policies and procedures or those of a client.

17. Contractor agrees that he shall abide by the employee handbook and guidelines found on Franklin Covey's *Enable Greatness* Intranet Website. Contractor will be provided a user ID and password to log on and have access to all Franklin Covey policies. The handbook is located under People Services/Policy Handbook.

18. Contractor acknowledges that Franklin Covey owns all Franklin Covey products, programs, processes, materials, content, DVDs, CDs, and methodologies, including all copyright, patent and trademark rights belonging thereto. Contractor agrees to maintain in confidence all company- or client-related information that Contractor may receive as a result of his relationship with Franklin Covey, including, but not limited to, Franklin Covey strategy information, business models, or financial results. Further, Contractor agrees that he will not disclose to anyone, for any reason, or use directly or indirectly to compete with Franklin Covey, any confidential information, including, without limitation, client information, client and prospective client lists, trade secrets, etc., that may be accessible to Contractor in connection with his working relationship with Franklin Covey.

19. Contractor agrees that Contractor will not make any statements that disparage, demean or criticize Franklin Covey, its directors, officers, managers, employees, business practices, strategies, products or services. Nothing in this provision shall prevent Contractor from making a truthful statement under oath as a witness in a proceeding by a court of competent jurisdiction or administrative agency.

20. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of employer and employee, it being expressly understood and agreed that neither any provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between Franklin Covey and Contractor other than the relationship of a contracting party and an independent contractor.

21. Contractor may not assign, delegate or subcontract any rights or obligations under this Agreement without Franklin Covey's prior written approval.

22. Except for the purchase of COBRA insurance for a limited period as set forth in the Separation Agreement and General Release between Franklin Covey and Contractor, Franklin Covey shall not provide any insurance coverage of any kind for Consultant or Consultant's employees or contract personnel. For engagements of 90 days or longer, Consultant may choose, at his sole discretion, to maintain a General Liability insurance policy of at least $1,000,000 to cover any negligent acts committed by Consultant or Consultant's employees or agents while performing services under this Agreement.

23. Although Contractor acknowledges that he is a representative of Franklin Covey, Contractor has no right to incur obligations in the name of Franklin Covey or to represent to any third party that he has the authority to act in the name of Franklin Covey.

24. Notices required under this Agreement shall be in writing and effective upon (a) personal delivery to Contractor, (b) confirmation of fax sent to the recipient's last known fax number, (c) confirmation of email sent to recipient's last known email address, or (c) three days after being deposited postage prepaid in the U.S. mail to the recipient's last known address.

25. Contractor agrees that any materials, videos, documents, content, media, footage, and/or any other information that belongs to Franklin Covey but is transferred to or used on Contractor's computer, laptop, digital device, video recorder, or mobile phone (and the like) will be removed by Contractor from such device upon termination of this Agreement.

26. This Agreement supersedes all previous and contemporaneous agreements, oral agreements, and/or contracts between Contractor and Franklin Covey regarding the subject matter of this Agreement. For clarity, this Agreement does not supersede the following agreements between the parties: Separation Agreement and General Release dated November 1, 2020; and Intellectual Property Agreement dated November 1, 2020.

27. This Agreement shall be interpreted according to the laws of the State of Utah.

Effective Date: November 1, 2020

Signatures

Franklin Covey Co.

By: /s/ Robert A. Whitman
(Signature)

Robert A. Whitman
(Typed or Printed Name)

Contrator:

By: /s/ Scott Miller
(Signature)

Scott Miller
(Typed or Printed Name)

Taxper ID Number:

If Agreement Is Faxed or Emailed:
Consultant and FranklinCovey agree this Agreement will be considered signed when the signature of a party is delivered by facsimile or email transmission. Signatures transmitted by facsimile or email shall have the same effect as original signatures.

EXHIBIT A

Description of Services: To assist in the performance of Services hereunder, Contractor may continue to his Franklin Covey-issued laptop. Contractor will report to Paul Walker. Contractor will lead specified thought leadership functions, including performing the following services (which may be modified and/or expanded from time to time based on mutual agreement of the parties):

1. Strategic Meeting and One-On-One Discussions
    a. Participate in quarterly strategic meeting
    b. Participate in one-on-one discussion with Paul Walker at least monthly
2. Host On Leadership podcast and Maintain Associated Blog
    a. Find interviewees
    b. Conduct weekly interview/podcast
    c. Publish and regularly update blog
    d. Continue to build awareness for and improve Franklin Covey brand
3. Franklin Covey Books and Book Launches
    a. Contractor shall continue marketing, publicizing, and launching Franklin Covey's books in the same manner as when Contractor was an employee of Franklin Covey, including but not limited to, the following books:
        i. Unconscious Bias
        ii. The 4 Disciplines of Execution
        iii. Strikingly Different
        iv. Unlocking Potential
        v. The 4 Essential Roles
        vi. New Style of Leadership
4. Articles and Interviews for Franklin Covey Consultants
    a. Facilitate the drafting/publication of articles by and interviews of Franklin Covey consultants
    b. Proofread and sign off on all articles and interviews of Franklin Covey consultants
    c. Assign in-bound inquiries to the appropriate Franklin Covey thought leader
5. Manage DEKE and Triple7 Relationships
    a. Column, interview, and article placement decisions
6. Franklin Covey Public Relations
    a. Manage, supervise, and support Franklin Covey's public relations team
7. Author Related Promotional Activities
    a. Develop and execute book successful book launches
    b. Mess to Success, EDAGM, and Multipliers
        i. Weekly webcasts, podcasts, articles, and business development (no charge to client) client presentations/executive overviews
        ii. Wiseman interviews
        iii. EDAGM client webcasts
        iv. Mess to Success events monthly Todd M event
        v. Author lunch events
8. Increase social media/LinkedIn presence
    a. Build connections and increase following for key Franklin Covey authors and thought leaders
        i. Manage authors' and thought leaders' personal channels
9. Manage and Support Books and Audio Team
    a. Annie
    b. Zach
    c. Travis
    d. Deb
    e. Meg
    f. Drew (Contractor shall ensure that Drew works 30 hours per week on Franklin Covey assignments)
    g. Ty (contractor) & Leigh Stevens (on call)
10. Strategic Discussions and Key Projects
    a. Contractor shall be available to participate in strategic meetings and key projects, including strategy meetings, branding discussions, investor conferences, etc.

Contractor may also be requested to provide other services for FranklinCovey as agreed upon in writing from time to time.

Exhibit B
Payment to Contractor

In exchange for the Services to be rendered by Contractor, Franklin Covey shall pay Contractor as follows:

a) Beginning on September 1, 2020 and continuing through the date on which Contractor's employment with Franklin Covey is terminated ("Employment Termination Date"), Franklin Covey shall pay Contractor his base salary from Fiscal Year 2020. From the Employment Termination Date through the end of the fiscal year ending August 31, 2021, Franklin Covey shall pay Contractor a prorated portion of an annualized $250,000.
b) For each fiscal year thereafter, and for so long as the Agreement is in effect, Franklin Covey shall pay Contractor $200,000 annually, unless otherwise agreed to in writing by the parties.

Franklin Covey shall pay Contractor on a monthly basis.

Exhibit 10.3

INTELLECTUAL PROPERTY AGREEMENT

This Intellectual Property Agreement ("Agreement") is made this 1st day of November, 2020 ("Effective Date") by and between Franklin Covey Co. ("FranklinCovey"), a Utah corporation, and Scott Jeffrey Miller ("Miller"). FranklinCovey and Miller may be referred to individually as a "party" and collectively as the "parties."

1. **<u>Ownership of Management Mess Book</u>.** While Miller was employed by FranklinCovey, Miller authored the book *Management Mess to Leadership Success: 30 Challenges to Become the Leader You Would Follow* ("Management Mess Book"). FranklinCovey is the owner of all rights, including, but not limited to, all intellectual property rights, to the Management Mess Book except for certain publishing rights granted to Mango Media, Inc. in the Publishing Agreement dated April 30, 2019 ("Publishing Agreement").

2. **<u>Ownership of Management Mess Brand</u>.** The parties agree that FranklinCovey is the owner of all rights, including, but not limited to, all current and future intellectual property rights, to the "Mess to Success" brand, which includes all products and services based on or utilizing the "mess to success" name, title, moniker, or any variation thereof (*e.g.,* X Mess to Y Success) now or in the future.

3. **<u>Ownership of Master Mentors Books</u>.** Miller intends to author and publish a series of books tentatively titled *Master Mentors* (collectively, the "Master Mentors Books"), which shall be based on the interviews conducted for the FranklinCovey On Leadership Podcast ("Podcast"). FranklinCovey and Miller intend for Miller to author one (1) Master Mentors Book each year as part of the series. FranklinCovey shall own all rights, including, but not limited to, all intellectual property rights, to the Master Mentors Books. In consideration of the rights granted herein, for the duration of this Agreement Miller agrees that he will not author, develop, produce, publish, or otherwise promote written works using the same format or material (including interviews conducted for the Podcast) as the Master Mentors Books, as described in this paragraph, for anyone or any entity other than FranklinCovey.

4. **<u>Ownership of Master Mentors Brand</u>.** The parties agree that FranklinCovey is the owner of all rights, including, but not limited to, all current and future intellectual property rights, to the "Master Mentors" brand, which includes all products and services that are based on or related to the interviews conducted for the Podcast or that are based on or utilize the Master Mentors name, title, moniker, or any variation thereof now or in the future.

5. **<u>Grant of Licenses</u>**

a. <u>License to Brands</u>. Upon the terms and conditions set forth herein, FranklinCovey grants Miller a non-exclusive, royalty-free, worldwide license to utilize and otherwise exploit the Mess to Success brand and the Master Mentors brand.

b. <u>License to Market Management Mess Book</u>. FranklinCovey grants Miller a non-exclusive, royalty-free, worldwide license to promote and otherwise market the Management Mess Book, as well as speaking and coaching opportunities for Miller related to the Management Mess Book, to the extent that such license does not conflict with the Publishing Agreement.

c. Future Mess to Success Works. FranklinCovey grants Miller a non-exclusive, royalty-free, worldwide license to author, publish, develop, produce, promote, distribute, sell and market future Mess to Success books, publications, products, and services ("Future Mess to Success Works"). Further, FranklinCovey grants Miller a non-exclusive, royalty-free, worldwide license to give speeches and conduct trainings on, develop products and services for, and otherwise exploit the Future Mess to Success Works. Miller shall own the copyright to all Future Mess to Success Works and FranklinCovey agrees to cooperate with Miller to file for and or protect said ownership, and Miller shall reimburse FranklinCovey for any costs/expenses incurred by FranklinCovey in connection therewith. Notwithstanding the foregoing, prior to Miller commencing work on any Future Mess to Success Work, Miller shall disclose and discuss the content of the Future Mess to Success Work to FranklinCovey and obtain FranklinCovey's express written permission to continue with the proposed work, which permission FranklinCovey may withhold in Franklin Covey's sole discretion to protect Franklin Covey's interests. FranklinCovey shall use commercially reasonable efforts to complete this initial review and approval process within thirty (30) days.

If FranklinCovey provides such written permission, Miller shall obtain further written permission from FranklinCovey, which may be withheld in Franklin Covey's sole discretion to protect Franklin Covey's interests, to continue after the manuscript for the Future Mess to Success Work has been provided to FranklinCovey and prior to publication of the Future Mess to Success Work. FranklinCovey shall use commercially reasonable efforts to complete this step of the review and approval process within thirty (30) days.

In the event FranklinCovey does not grant Miller permission for the Future Mess to Success Work at any point, Miller shall cease all work on the Future Mess to Success Work and not develop, publish, or otherwise produce the Future Mess to Success Work. In the event Miller obtains from FranklinCovey the permissions required herein, Miller and FranklinCovey will work in good faith and in an open and transparent manner to agree upon the scope of activities, on a case by case basis, in which Miller may engage related to the Future Mess to Success Work (*e.g.,* coaching, keynotes, training, etc.).

d. Master Mentors Books. FranklinCovey grants Miller a non-exclusive, royalty-free, worldwide license to author, publish, develop, produce, promote, distribute, and market Master Mentors Books. Miller shall obtain written permission from FranklinCovey for each Master Mentors Book before commencing work, which permission FranklinCovey may withhold in its sole discretion and judgment to protect Franklin Covey's interests. FranklinCovey shall use commercially reasonable efforts to complete this initial review and approval process within thirty (30) days.

If FranklinCovey provides such written permission, Miller shall obtain further written permission from FranklinCovey, which permission may be withheld in FranklinCovey's sole discretion and judgment to protect Franklin Covey's interests, to continue after the manuscript for the Master Mentors Book has been provided to FranklinCovey and prior to publication of the Master Mentors Book. FranklinCovey shall use commercially reasonable efforts to complete this step of the review and approval process within thirty (30) days.

In the event FranklinCovey does not grant Miller permission for the Master Mentors Book at any point, Miller shall cease all work on that Master Mentors Book and not develop, publish, or otherwise produce the Master Mentors Book. In the event Miller obtains from FranklinCovey the permissions required herein, Miller and FranklinCovey will work in good faith and in an open and transparent manner to agree upon the scope of activities, on a case by case basis, to agree upon the scope of activities in which Miller may engage related to the Master Mentors Books (*e.g.,* coaching, keynotes, training, etc.) Further, Miller shall obtain from each person discussed or identified (whether by name, title, position, or otherwise) in the Master Mentors Books all necessary permissions for such use which shall be in writing, and Miller shall provide such persons the opportunity to review and approve the content Miller intends to publish about them. Miller shall provide FranklinCovey with copies of all written permissions obtained by Miller.

6. Book Royalties and Payments.

a. Royalties on Sales of Management Mess Book and Future Mess to Success Works. Beginning on September 1, 2020, , FranklinCovey and Miller shall split evenly the royalties received from the sales of the Management Mess Book (both domestic and foreign) with FranklinCovey to receive fifty percent (50%) of all net royalties and Miller to receive fifty percent (50%) of all net royalties. FranklinCovey shall receive the royalties from the publisher and distribute the portion attributed to Miller.

Miller shall be entitled to one hundred percent (100%) of any worldwide book advances received from publishers for Future Mess to Success Works and shall also be entitled to one hundred percent (100%) of the worldwide book royalties received from the sales of Future Mess to Success Works. Miller shall also be entitled to one hundred percent (100%) of the revenue received from sales of non-book and non-service Future Mess to Success Works (*i.e.,* consumer and other products).

b. Payment for Services Related to Management Mess Book. In the event Miller performs speaking, coaching, training, consulting, or other services for clients related to the Management Mess Book, FranklinCovey shall receive all revenue from such services, and Miller shall be compensated for such services as outlined in the Independent Contractor Agreement between the parties dated November 1, 2020.

c. Royalties on Sales of Master Mentors Books. For the Master Mentors Books, Miller shall be entitled to one hundred percent (100%) of any domestic advances received from publishers and shall also be entitled to one hundred percent (100%) of the domestic royalties. For foreign book advances and book royalties received for the Master Mentors Books, the parties shall split such advances and royalties with FranklinCovey receiving forty percent (40%) and Miller receiving sixty percent (60%). FranklinCovey, in its sole discretion, may incur expenses in connection with launching the Master Mentors Books, and FranklinCovey shall be responsible for such expenses. Miller, in his sole discretion, may incur expenses in connection with launching the Master Mentors Books, and Miller shall be responsible for such expenses. For clarity, Miller may not incur expenses on behalf of FranklinCovey in connection with launching the Master Mentors Books, unless FranklinCovey has provided express written permission to do so.

d. Payment for Services Related to Master Mentors Books. In the event Miller performs speaking, coaching, training, consulting, or other services for FranklinCovey clients related to the Master Mentors Books, FranklinCovey shall receive all revenue from such services, and Miller shall be compensated for such services as outlined in the Independent Contractor Agreement between the parties dated November 1, 2020.

7. Approval for Business Activities. During the term of this Agreement, in the event Miller desires to engage in any business activities (regardless of whether those activities relate to FranklinCovey) outside of those activities specifically stated in the Independent Contractor Agreement between the parties dated November 1, 2020 (and regardless of whether the Independent Contractor Agreement is still in effect), Miller shall first review the proposed activity with FranklinCovey. Miller may only engage in the proposed business activity with the express written consent of FranklinCovey, which consent may be withheld in FranklinCovey's sole discretion and judgment to protect Franklin Covey's interests.

8. License for use on Miller's Website. During the term of this Agreement, FranklinCovey grants Miller a limited, non-exclusive, royalty-free, and revocable license to refer to and otherwise display on Miller's website (www.ScottJeffreyMiller.com), FranklinCovey's logos, icons, and trademarks related to the Podcast, radio program, the Management Mess Book, and the books *Everyone Deserves a Great Manager* and *Master Mentors*. Miller may display such logos, icons, and trademarks on his website to promote FranklinCovey's products and services and to promote the services offered by Miller; provided, however, Miller may not use such logos, icons, and trademarks to infer or represent that FranklinCovey is associated with or endorses Miller's non-FranklinCovey products or services. Miller may also provide links on his website to the Podcast and any blog posts authored by Miller for FranklinCovey.

9. Non-Solicitation of Customers, Clients, Employees & Contractors. During the term of this Agreement, Miller agrees not to contact any FranklinCovey client, vendor, or supplier for the purpose of selling or distributing products or services that compete, directly or indirectly, with those offered by FranklinCovey, unless Miller obtains the express written permission of FranklinCovey, which may be withheld in FranklinCovey's sole discretion and judgment to protect Franklin Covey's interests. During the term of this Agreement or any other written agreement with FranklinCovey, Miller shall not induce any employee of FranklinCovey to terminate his/her employment with FranklinCovey for any reason, hire or solicit any independent contractor under contract with FranklinCovey, or encourage any independent contractor to terminate such relationships with FranklinCovey.

10. **Term and Termination.** This Agreement shall be effective and continue in full force and effect for an initial term of ten (10) years commencing on the Effective Date ("Initial Term"). FranklinCovey may terminate the Agreement immediately upon any of the following: (a) Miller declares bankruptcy; (b) Miller is charged with a felony; (c) Miller performs unauthorized actions on behalf of FranklinCovey; (d) if, after diligent inquiry and in good faith, FranklinCovey determines that Miller is the subject of a credible accusation of a felony or any crime involving perjury, fraud, or sexual misconduct; (e) Miller is the subject of a credible accusation that is reasonably considered to be severely damaging to Miller's or FranklinCovey's reputation; (f) Miller materially breaches this Agreement, the Separation Agreement and General Release dated November 1, 2020, or the Independent Contractor Agreement dated November 1, 2020, or (g) Miller engages with industries that sell goods or services which FranklinCovey does not want to be associated (provided however, that FranklinCovey will provide Miller with notice of any such objection and provide Miller a reasonable amount of time and opportunity to dissociate with said industry). The Agreement shall automatically renew for an additional ten (10) years at the end of the Initial Term and every ten (10) years thereafter on the ten-year anniversary date ("Anniversary Date") if the Agreement has not been terminated sooner. Notwithstanding the foregoing, either party may terminate this Agreement at the end of the Initial Term or on the Anniversary Date by providing the other party with written notice at least six (6) months prior to the end of the Initial Term or Anniversary Date.

11. **Effect of Termination**. Upon termination of this Agreement for any reason, the Management Mess Book, all Future Mess to Success Works, and Master Mentors Books, which were previously approved by FranklinCovey and launched prior to the termination date of this Agreement, may remain in the marketplace and available for purchase. Miller shall continue to receive the same compensation for such works/items after termination as he did prior to termination, as set forth herein.

12. **Non-Disparagement.** Miller agrees that he will not make any statements that disparage, demean or criticize FranklinCovey, its directors, officers, managers, employees, business practices, strategies, products or services. Nothing in this provision shall prevent Miller from making a truthful statement under oath as a witness in a proceeding by a court of competent jurisdiction or administrative agency.

13. **Assignment of Rights.** Neither party shall transfer, assign, or sell all or any portion of his or its rights and interests in this Agreement without the express written permission from the other party.

14. **Modification, Amendment, Waiver.** No modification, amendment, or waiver of this Agreement shall be effective unless approved in writing by all parties hereto.

15. **Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect, such provision will be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of this Agreement or any provision hereof.

16. **Governing Law.** This Agreement shall be construed both as to validity and performance and enforced in accordance with the laws of the State of Utah.

17. **Entire Agreement.** This Agreement embodies the complete agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements, or representations by or between the parties, written or oral, that may have related to the subject matter hereof in any way.

18. **Headings.** The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

ACCEPTED AND AGREED:

Date: November 3, 2020

/s/ Scott Jeffrey Miller
Scott Jeffrey Miller

FRANKLIN COVEY CO.

Date: November 3, 2020

By: /s/ Robert A. Whitman
Its: Chief Executive Officer

Exhibit 99.1

Press Release

2200 West Parkway Boulevard
Salt Lake City, Utah 84119-2331
www.franklincovey.com

FRANKLIN COVEY REPORTS FOURTH QUARTER AND FISCAL YEAR 2020 RESULTS

Net Income and Adjusted EBITDA for the Fourth Quarter Exceed Expectations

Company's Powerful Subscription Business Growth Engine, Including the All Access Pass and *Leader in Me* Membership, Show Continued Strong Growth, High Revenue Retention, and Durability with Clients

Liquidity, Financial Position, and Cash Flows From Operating Activities Remain Strong at August 31, 2020

Salt Lake City, Utah – Franklin Covey Co. (NYSE: FC), a global performance improvement company that creates, and on a subscription basis, distributes world-class content, training, processes, and tools that organizations and individuals use to achieve systemic changes in human behavior to transform their results, today announced financial results for its fourth quarter of fiscal 2020 and full fiscal year, which ended on August 31, 2020.

Introduction

While the Company's fourth quarter 2020 results were impacted by the COVID-19 pandemic, the Company was pleased that due to the continued strength of its subscription business and its quick pivot to delivering content live-online and through other digital modalities, its fourth quarter financial results were better-than-expected. The Company's revenues were favorably impacted by the continued strength of its subscription business, driven by the All Access Pass (AAP) in the Enterprise Division and the *Leader in Me* membership in the Education Division. Throughout the pandemic, the Company's AAP sales have been strong and resilient. During the third and fourth quarters of fiscal 2020, All Access Pass sales grew 15% compared with the prior year, and both Pass sales to new logos and multi-year contract sales increased over the prior year. Fiscal 2020 AAP revenue retention also remained strong at over 90% for the year. Following the initial impact of the pandemic, the Company's U.S.\Canada and governmental clients quickly transitioned to the Company's live-online and digital delivery options, and by July the Company's booking pace for add-on coaching and services was equal to that achieved in prior year and then exceeded last year's pace through August. The Company remains optimistic that sales and revenue retention for All Access Pass subscription sales, and the booking pace for All Access Pass-related add-on services will continue to be strong in both the current and future periods. The Company's China and Japan direct offices and its licensee partners are all in transition to selling AAP almost exclusively. However, because most of these operations had just started to sell the All Access Pass, they did not have a strong base of subscription revenue at the onset of the pandemic. As a result, these operations were highly dependent upon the in-person delivery of content and training. Stay-at-home restrictions made it necessary to reschedule nearly all of their training engagements and sales declined disproportionately at these operations. However, these offices' sales began to improve in the fourth quarter, and the Company is optimistic that international momentum will continue to rebuild in fiscal 2021. Despite the uncertainties in educational funding during the pandemic, nearly 2,200 schools renewed their *Leader in Me* memberships and the Company added 320 new schools to the *Leader in Me* program. The Company believes this performance from the Education Division was remarkable in the current environment.

Through continued subscription business strength, recovering services revenue, improved margins, and lower costs, the Company was able to exceed expectations for net income and adjusted earnings before interest, income taxes, depreciation, and amortization (Adjusted EBITDA). In addition, the Company's liquidity, financial position, and cash flows from operating activities remained strong at August 31, 2020.

Bob Whitman, Chairman and Chief Executive Officer, commented, "We have been very encouraged by the strength and resilience of our subscription business and by the strength of demand for our live-online and other digital delivery modalities. During the pandemic, All Access Pass sales have increased on all fronts, including: sales to new organizations; sales of multi-year All Access Passes; and a revenue retention rate that exceeded 90% during fiscal 2020. Our clients have pivoted to scheduling training and coaching engagements through our digital 'live-online' modality and our booking pace has improved significantly during the fourth quarter compared with earlier in the pandemic, and has now returned to pre-pandemic levels. Previous investments in our delivery capabilities have been key in allowing us to provide high-quality content, training, and coaching through digital modalities. Sales in our foreign offices and among our international licensees also strengthened and improved compared with the third quarter. These foreign operations, which will ultimately sell primarily All Access Pass did not have a significant base of subscription revenues entering this period to add strength and durability to their operations. As a result, these operations accounted for a significantly disproportionate share of the decline in our sales over the third and fourth quarters of fiscal 2020. We expect these foreign operations to continue to strengthen in fiscal 2021 as they make the transition to selling the All Access Pass and related services. Additionally, despite the fierce headwinds faced by educational institutions in our third and fourth quarters as schools closed, teaching moved live-online, the need for school-provided meals continued, and budgets were constrained, nearly 2,200 existing *Leader in Me* schools renewed their *Leader in Me* subscriptions (a number higher than in fiscal 2019) and 320 new schools became *Leader in Me* schools. We believe this was a remarkable achievement in the current economic environment."

Whitman continued, "Organizations of all kinds face what can seem like intractable challenges relating to getting the most from their people and organizations, executing with excellence, etc., and the current environment only adds to the difficulty of successfully addressing these challenges. However, these are exactly the challenges which Franklin Covey's ongoing significant investments in best-in-class content and solutions are focused on addressing. Further, our ongoing investments in technology have provided customers with the ability to access the full collection of our solutions, through almost any modality, in any segment of time, on nearly any device, and in more than 20 languages worldwide through our All Access Pass and *Leader in Me* subscription offerings. Customers have found this value proposition to be very compelling both before and during these unusual times. We are confident that, driven by its All Access Pass and *Leader in Me* subscription businesses, Franklin Covey will be able to accelerate its growth in revenue, Adjusted EBITDA, and cash flow in fiscal 2021 and beyond."

Financial Overview

The following is a summary of key financial results for the quarter ended August 31, 2020:

- Net Sales: Consolidated sales for the fourth quarter of fiscal 2020 were $49.0 million, compared with sales of $65.2 million in the fourth quarter of fiscal 2019, reflecting that while sales of the Company's All Access Pass subscription service remained strong, the need to reschedule training, coaching, and consulting days, which had previously been scheduled live onsite at client locations resulted in reduced sales in certain of the Company's international direct offices, international licensees, in the Education Division, and in the U.S. and Canada. Enterprise Division sales for the fourth quarter of fiscal 2020 were $34.3 million compared with $45.8 million in the fourth quarter of fiscal 2019, with the Enterprise Division's international direct and licensee operations accounting for the majority of the decline in revenue, reflecting that these operations had only a very small base of subscription and subscription-related revenue entering this period. The Company is encouraged by strong subscription renewals and improving trends in new training and coaching events as it begins fiscal 2021. Education Division sales were $13.2 million in the fourth quarter of fiscal 2020, compared with $17.7 million in the fourth quarter of the prior year, reflecting primarily that while the Education Division was able to add 320 new *Leader in Me* schools, primarily during the pandemic, this number was lower than in last year's fourth quarter due to the tremendous disruption and uncertainties that schools have faced. On the other hand, the *Leader in Me* membership subscription business remained strong, with nearly 2,200 schools renewing their *Leader in Me* subscriptions (a higher number than in fiscal 2019). As a result, total subscription revenue from *Leader in Me* memberships increased 11% for the year ended August 31, 2020, compared with fiscal 2019. The Company continues to be encouraged by the acceptance and resilience of its subscription and subscription-related services during the pandemic and believes this strength sets a solid foundation for fiscal 2021.

- Deferred Subscription Revenue and Unbilled Deferred Revenue: For the quarter ended August 31, 2020, the Company's reported subscription revenue increased $2.2 million, or 11% compared with the fourth quarter of fiscal 2019. At August 31, 2020, the Company had $60.6 million of deferred subscription revenue on its balance sheet compared with $58.2 million of deferred subscription revenue at August 31, 2019. At August 31, 2020, the Company had $39.6 million of unbilled deferred revenue, a 32%, or $9.7 million, increase compared with $29.9 million of unbilled deferred revenue at August 31, 2019. Unbilled deferred revenue represents business that is contracted but unbilled, and excluded from the Company's balance sheet.
- Gross profit: Fourth quarter 2020 gross profit totaled $37.9 million compared with $47.5 million in the prior year and declined primarily due to a decrease in services sales compared with fiscal 2019. The Company's gross margin for the quarter ended August 31, 2020 improved 437 basis points to 77.3% of sales compared with 72.9% in the fourth quarter of fiscal 2019, reflecting increased subscription and decreased onsite and facilitator revenues in the overall mix of sales.
- Operating Expenses: The Company's operating expenses for the quarter ended August 31, 2020 decreased $4.7 million compared with fiscal 2019, which was primarily due to decreased selling, general, and administrative (SG&A) expenses and reduced stock-based compensation expense. Decreased SG&A expense was primarily related to decreased variable compensation such as commissions, bonuses, and incentives; decreased travel and entertainment; and cost savings from various other areas of the Company's operations. The Company reevaluates its stock-based compensation instruments at each reporting date. Due to the adverse impact of COVID-19 and uncertainties related to the timing of the expected recovery, the Company determined that certain tranches of previously granted performance awards would not vest prior to their expiration. No stock-based compensation expense was recorded for these tranches during the fourth quarter of fiscal 2020. Partially offsetting these decreased costs were $1.6 million of costs to restructure certain information technology and central operational functions, marketing functions, and the investment in additional sales personnel that have been hired over previous quarters. At August 31, 2020, the Company had 254 client partners compared with 245 client partners at August 31, 2019.
- Operating Income: The Company reported $3.7 million of income from operations for the fourth quarter of fiscal 2020, compared with operating income of $8.7 million in the fourth quarter of the prior year.
- Income Taxes: The Company's income tax provision for the quarter ended August 31, 2020 was $2.2 million, compared with $2.3 million in the fourth quarter of fiscal 2019. The increase in the effective income tax rate in the fourth quarter of fiscal 2020 was primarily due to $1.1 million of additional income tax expense from an increase in the valuation allowance against the Company's deferred income tax assets. In consideration of the relevant accounting literature, we reevaluated our valuation allowances in fiscal 2020. As a result of cumulative pre-tax losses over the past three fiscal years, combined with the expected continued disruptions and negative impact to the Company's business resulting from uncertainties related to the recovery from the pandemic, the Company was unable to overcome accounting guidance indicating that it is more-likely-than-not that insufficient taxable income will be available to realize all of its deferred tax assets before they expire. These deferred tax assets consist primarily of foreign tax credit carryforwards and a portion of its net operating loss carryforwards.
- Net Income: The Company reported net income of $1.0 million, or $.07 per diluted share, for the fourth quarter of fiscal 2020, compared with $5.9 million, or $0.41 per diluted share, in the fourth quarter of the prior year, reflecting the above-noted factors.
- Adjusted EBITDA: Adjusted EBITDA for the fourth quarter was $8.9 million compared with $13.4 million in the fourth quarter of the prior year, reflecting the decrease in sales resulting from the COVID-19 pandemic.

- Cash and Liquidity Remain Strong: The Company's balance sheet and liquidity position remained strong with $27.1 million of cash at August 31, 2020, and no borrowings on its $15.0 million line of credit, compared with $27.7 million at August 31, 2019. Cash flows from operating activities for fiscal 2020 remained solid at $27.6 million, compared with $30.5 million in fiscal 2019, despite the challenging economic environment in the second half of fiscal 2020.

Full Year Fiscal 2020 Financial Results

After a strong start in the first half of fiscal 2020, which saw consolidated sales increase 8% over the first two quarters of fiscal 2019, the Company's fiscal 2020 results were adversely affected by the impact of the COVID-19 pandemic on third and fourth quarter results. Consolidated sales for the fiscal year ended August 31, 2020 were $198.5 million compared with $225.4 million in fiscal 2019, reflecting decreased services revenues as previously described. The Company's subscription revenues remained strong during fiscal 2020 and increased 16% compared with fiscal 2019. Enterprise Division sales were $148.2 million, compared with $170.7 million in the prior year, and were primarily impacted by reduced international direct office sales and decreased international licensee sales as these operations had very little deferred subscription revenue at the onset of the pandemic. Enterprise Division sales were also negatively impacted by reduced live onsite and facilitator revenues as offices and workplaces were closed and international economies were essentially shut down during the second half of fiscal 2020. However, as previously mentioned, the booking pace for All Access Pass add-on services began to recover in the fourth quarter and the Company is optimistic about booking trends in current and future periods. Education Division revenues were $43.4 million compared with $48.9 million in fiscal 2019, reflecting primarily that while the Education Division was able to add 320 new *Leader in Me* schools, this number was lower than in fiscal 2020 quarter due to the disruptions and uncertainties that schools have faced during the pandemic. The *Leader in Me* membership subscription business remained strong, with nearly 2,200 schools renewing their *Leader in Me* subscriptions in fiscal 2020 (a higher number than in fiscal 2019). Consolidated gross profit for fiscal 2020 totaled $145.4 million compared with $159.3 million in fiscal 2019. Gross margin in fiscal 2020 improved 256 basis points to 73.3% of sales compared with 70.7% in the prior year, reflecting the impact of increased subscription revenues in the mix of total sales.

Operating expenses in fiscal 2020 decreased $14.3 million compared with fiscal 2019, primarily due to decreased SG&A expenses and decreased stock-based compensation expense. SG&A expense decreased $10.6 million primarily due to decreased variable compensation costs including commissions, bonuses, and incentives from reduced sales; decreased travel and marketing expense; decreased expense related to contingent acquisition liabilities; and cost savings in various areas of the Company's operations. Stock-based compensation expense decreased $5.4 million due to the reevaluation of stock-based compensation awards in the third quarter of fiscal 2020 and reduced expense in the fourth quarter. The Company's income from operations for fiscal 2020 improved to $3.1 million compared with $2.7 million in fiscal 2019. Including the impact of an $11.3 million increase in its deferred income tax asset valuation allowance (refer to discussion above) and a corresponding increase in the Company's effective income tax rate, the Company reported a net loss of $(9.4) million, or $(0.68) per share, in fiscal 2020, compared with a $(1.0) million loss, or $(.07) per share, in fiscal 2019. Adjusted EBITDA in fiscal 2020 was $14.3 million compared with $20.6 million for fiscal 2019, reflecting the impact of the COVID-19 pandemic on the Company's third and fourth quarter results of operations. In constant currency, the Company's Adjusted EBITDA was $14.7 million in fiscal 2020.

Fiscal 2021 Outlook

Based on current expectations, including the duration and anticipated economic recovery from the COVID-19 pandemic, the Company expects Adjusted EBITDA to total between $20 million to $22 million in fiscal 2021. The Company remains confident the strength of the All Access Pass and *Leader in Me* membership, which have driven Franklin Covey's growth trajectory across recent years, and which have remained strong during the pandemic, will drive accelerated growth in fiscal 2021 and in the future.

Earnings Conference Call

On Thursday, November 5, 2020, at 5:00 p.m. Eastern (3:00 p.m. Mountain) Franklin Covey will host a conference call to review its financial results for the fourth quarter and fiscal year ended August 31, 2020. Interested persons may participate by dialing 800-446-2782 (International participants may dial 847-413-3235), access code: 49992976. Alternatively, a webcast will be accessible at the following Web site: https://edge.media-server.com/mmc/p/idnvz4jm. The webcast will remain accessible through November 19, 2020 on the Investor Relations area of the Company's Web site.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including those statements related to the Company's future results and profitability and other goals relating to the growth and operations of the Company. Forward-looking statements are based upon management's current expectations and are subject to various risks and uncertainties including, but not limited to: general economic conditions; the severity and duration of global business disruptions from the COVID-19 outbreak; the ability of the Company to operate effectively during and in the aftermath of the COVID-19 pandemic; renewals of subscription contracts; the impact of new sales personnel; the impact of deferred revenues on future financial results; market acceptance of new products or services, including new AAP portal upgrades; the ability to achieve sustainable growth in future periods; 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 the Company's 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 that the Company's actual future performance will meet management's expectations. These forward-looking statements are based on management's current expectations and the Company undertakes no obligation to update or revise these forward-looking statements to reflect events or circumstances subsequent to this press release.

Non-GAAP Financial Information

This earnings release includes the concepts of adjusted earnings before interest, income taxes, depreciation, and amortization (Adjusted EBITDA) and "constant currency," which are non-GAAP measures. The Company defines Adjusted EBITDA as net income or loss excluding the impact of interest expense, income taxes, intangible asset amortization, depreciation, stock-based compensation expense, and certain other items such as adjustments to the fair value of expected contingent consideration liabilities arising from business acquisitions. Constant currency is a non-GAAP financial measure that removes the impact of fluctuations in foreign currency exchange rates and is calculated by translating the current period's financial results at the same average exchange rates in effect during the prior year and then comparing this amount to the prior year.

The Company references these non-GAAP financial measures in its decision making because they provide supplemental information that facilitates consistent internal comparisons to the historical operating performance of prior periods and the Company believes they provide investors with greater transparency to evaluate operational activities and financial results. Refer to the attached table for the reconciliation of a non-GAAP financial measure, "Adjusted EBITDA," to consolidated net loss, a related GAAP financial measure.

The Company is unable to provide a reconciliation of the above forward-looking estimate of non-GAAP Adjusted EBITDA to GAAP measures because certain information needed to make a reasonable forward-looking estimate is difficult to obtain and dependent on future events which may be uncertain, or out of the Company's control, including the amount of AAP contracts invoiced, the number of AAP contracts that are renewed, necessary costs to deliver the Company's offerings, such as unanticipated curriculum development costs, and other potential variables. Accordingly, a reconciliation is not available without unreasonable effort.

About Franklin Covey Co.

Franklin Covey Co. (NYSE: FC) is a global public company, specializing in organizational performance improvement. We help organizations achieve results that require lasting changes in human behavior. Our world-class solutions enable greatness in individuals, teams, and organizations and are accessible through the FranklinCovey All Access Pass®. These solutions are available across multiple delivery modalities, including online presentations, in 21 languages. Clients have included organizations in the *Fortune 100*, *Fortune 500*, thousands of small and mid-sized businesses, numerous government entities, and educational institutions. FranklinCovey has directly owned and licensee partner offices providing professional services in more than 160 countries and territories.

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

	Quarter Ended		Fiscal Year Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Net sales	$ 48,994	$ 65,165	$ 198,456	$ 225,356
Cost of sales	11,140	17,663	53,086	66,042
Gross profit	37,854	47,502	145,370	159,314
Selling, general, and administrative	28,749	34,288	129,979	140,530
Stock-based compensation	887	1,749	(573)	4,789
Restructuring costs	1,636	-	1,636	-
Depreciation	1,739	1,558	6,664	6,364
Amortization	1,102	1,179	4,606	4,976
Income from operations	3,741	8,728	3,058	2,655
Interest expense, net	(515)	(534)	(2,262)	(2,063)
Income before income taxes	3,226	8,194	796	592
Income tax provision	(2,246)	(2,319)	(10,231)	(1,615)
Net income (loss)	$ 980	$ 5,875	$ (9,435)	$ (1,023)
Net income (loss) per common share:				
Basic	$ 0.07	$ 0.42	$ (0.68)	$ (0.07)
Diluted	0.07	0.41	(0.68)	(0.07)
Weighted average common shares:				
Basic	13,876	13,974	13,892	13,948
Diluted	13,941	14,227	13,892	13,948
Other data:				
Adjusted EBITDA(1)	$ 8,909	$ 13,403	$ 14,284	$ 20,606

(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 a comparable GAAP equivalent, refer to the Reconciliation of Net Income (Loss) to Adjusted EBITDA as shown below.

FRANKLIN COVEY CO.
Reconciliation of Net Income (Loss) to Adjusted EBITDA
(in thousands and unaudited)

	Quarter Ended		Fiscal Year Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Reconciliation of net income (loss) to Adjusted EBITDA:				
Net income (loss)	$ 980	$ 5,875	$ (9,435)	$ (1,023)
Adjustments:				
Interest expense, net	515	534	2,262	2,063
Income tax provision	2,246	2,319	10,231	1,615
Amortization	1,102	1,179	4,606	4,976
Depreciation	1,739	1,558	6,664	6,364
Stock-based compensation	887	1,749	(573)	4,789
Increase in the fair value of contingent consideration liabilities	318	189	(49)	1,334
Restructuring costs	1,636	-	1,636	-
Government COVID-19 assistance proceeds	(514)	-	(514)	-
Gain from insurance settlement	-	-	(933)	-
Knowledge Capital wind-down costs	-	-	389	-
Licensee transition costs	-	-	-	488
Adjusted EBITDA	$ 8,909	$ 13,403	$ 14,284	$ 20,606
Adjusted EBITDA margin	18.2%	20.6%	7.2%	9.1%

FRANKLIN COVEY CO.
Additional Financial Information
(in thousands and unaudited)

	Quarter Ended		Fiscal Year Ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Sales by Division/Segment:				
Enterprise Division:				
Direct offices	$ 32,936	$ 42,482	$ 139,780	$ 157,754
International licensees	1,332	3,298	8,451	12,896
	34,268	45,780	148,231	170,650
Education Division	13,215	17,748	43,405	48,880
Corporate and other	1,511	1,637	6,820	5,826
Consolidated	$ 48,994	$ 65,165	$ 198,456	$ 225,356
Gross Profit by Division/Segment:				
Enterprise Division:				
Direct offices	$ 26,924	$ 32,554	$ 108,144	$ 116,755
International licensees	983	2,716	6,679	10,231
	27,907	35,270	114,823	126,986
Education Division	9,271	11,705	27,099	30,373
Corporate and other	676	527	3,448	1,955
Consolidated	$ 37,854	$ 47,502	$ 145,370	$ 159,314
Adjusted EBITDA by Division/Segment:				
Enterprise Division:				
Direct offices	$ 6,899	$ 8,753	$ 17,694	$ 19,455
International licensees	(290)	1,945	2,406	6,072
	6,609	10,698	20,100	25,527
Education Division	3,617	4,909	(90)	3,553
Corporate and other	(1,317)	(2,204)	(5,726)	(8,474)
Consolidated	$ 8,909	$ 13,403	$ 14,284	$ 20,606

FRANKLIN COVEY CO.
Condensed Consolidated Balance Sheets
(in thousands and unaudited)

	August 31, 2020	August 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 27,137	$ 27,699
Accounts receivable, less allowance for doubtful accounts of $4,159 and $4,242	56,407	73,227
Inventories	2,974	3,481
Prepaid expenses and other current assets	15,146	14,933
Total current assets	101,664	119,340
Property and equipment, net	15,723	18,579
Intangible assets, net	47,125	47,690
Goodwill	24,220	24,220
Deferred income tax assets	1,094	5,045
Other long-term assets	15,611	10,039
	$ 205,437	$ 224,913
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of term notes payable	$ 5,000	$ 5,000
Current portion of financing obligation	2,600	2,335
Accounts payable	5,622	9,668
Deferred subscription revenue	59,289	56,250
Other deferred revenue	7,389	5,972
Accrued liabilities	22,628	24,319
Total current liabilities	102,528	103,544
Term notes payable, less current portion	15,000	15,000
Financing obligation, less current portion	14,048	16,648
Other liabilities	9,110	7,527
Deferred income tax liabilities	5,298	180
Total liabilities	145,984	142,899
Shareholders' equity:		
Common stock	1,353	1,353
Additional paid-in capital	211,920	215,964
Retained earnings	49,968	59,403
Accumulated other comprehensive income	641	269
Treasury stock at cost, 13,175 and 13,087 shares	(204,429)	(194,975)
Total shareholders' equity	59,453	82,014
	$ 205,437	$ 224,913