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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED AUGUST 31, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____



Franklin Covey Co.

(Exact name of registrant as specified in its charter)

Utah	001-11107	87-0401551
(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(IRS Employer Identification No.)

13907 South Minuteman Drive, Suite 500
Draper, Utah 84020
(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code: (801) 817-1776

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $.05 Par Value	**FC**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

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

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

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

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

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

Large Accelerated Filer	☐	Accelerated Filer	☑
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of February 27, 2026, the aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant was approximately $124.4 million, which was based upon the closing price of $13.02 per share as reported by the New York Stock Exchange.

As of October 31, 2026, the Registrant had 11,335,471 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the Registrant's Definitive Proxy Statement for the Annual Meeting of Shareholders, which is scheduled to be held on January 29, 2027, are incorporated by reference in Part III of this Form 10-K.

Franklin Covey Co.
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PART I

Disclosure Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and such forward-looking statements involve risks and uncertainties. Statements about future revenues, costs, margins, cost savings, foreign currency exchange rates, earnings, cash flows, initiatives, strategy, objectives, targets, expectations, growth, or profitability are forward-looking statements based on management's estimates, assumptions, and projections. Words such as "could," "may," "will," "should," "likely," "anticipates," "expects," "intends," "plans," "projects," "believes," "estimates," and variations on such words, including similar expressions, are used to identify these forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed in this, and other reports, filed by us with the Securities and Exchange Commission (SEC) and elsewhere. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions that are difficult to predict. Risks, uncertainties, and other factors that might cause such differences, some of which could be material, include, but are not limited to, the factors discussed under the section of this report entitled "Risk Factors."

Forward-looking statements in this report are based on management's current views and assumptions regarding future events and speak only as of the date when made. Franklin Covey Co. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by federal securities laws. Forward-looking statements are qualified by the cautionary statement under the heading "Safe Harbor Statement Under the Private Securities Litigation Reform Act Of 1995" contained later in Item 7 of this Annual Report on Form 10-K.

In this Annual Report on Form 10-K, unless the context requires otherwise, the terms "the Company," "Franklin Covey," "FranklinCovey," "us," "we," and "our" refer to Franklin Covey Co. and its subsidiaries.

ITEM 1. BUSINESS

General Information

Franklin Covey is a global company focused on organizational performance improvement. Our mission is to "enable greatness in people and organizations everywhere," and our global structure is designed to help individuals and organizations achieve results that require collective behavior change. From the foundational work of Dr. Stephen R. Covey in leadership and personal effectiveness, and Hyrum W. Smith in productivity and time management, we have developed deep expertise that extends to helping organizations and individuals achieve desired results through lasting behavioral change. In this world of rapidly changing technology we believe our content allows our clients to "get the human component right," which will provide these clients with the ability to shape direction, sustain momentum, and drive results. We strive to give strategy the human edge.

The Company was incorporated in 1983 under the laws of the state of Utah, and we merged with the Covey Leadership Center in 1997 to form Franklin Covey Co. Our consolidated net revenue for the fiscal year ended August 31, 2026 totaled $261.5 million and our shares of common stock are traded on the New York Stock Exchange (NYSE) under the ticker symbol "FC."

Our fiscal year ends on August 31 of each year. Unless otherwise noted, references to fiscal years apply to the 12 months ended August 31 of the specified year.

The Company's principal executive offices are located at 13907 South Minuteman Dr., Suite 500, Draper, Utah 84020, and our telephone number is (801) 817-1776. Our website, where you can find information about us, is www.franklincovey.com.

Franklin Covey Services and Offerings

Our mission is to "enable greatness in people and organizations everywhere." To accomplish this mission, we partner with senior executives and talent leaders to achieve breakthrough performance by engaging leaders and teams throughout an organization in focused, highly effective ways that drive their strategies forward. Our solutions are designed to transform our clients' results and bring a unique blend of technology, content, and consulting expertise to the most critical challenges they face. Our solutions are research-backed, grounded in time-proven principles, and have been tested in thousands of implementations in business, government, and educational organizations throughout the world.

FranklinCovey solutions may be delivered as a combination of subscription-based access to proprietary content, implementation tools, assessments, and expert consulting and advisory services to help clients engage and align their people around their desired outcomes. Our subscription offerings include the All Access Pass (AAP), which is primarily sold through our Enterprise Division, and the *Leader in Me* membership, which is designed specifically for our Education Division. These subscriptions enable clients to scale our solutions throughout their organizations and maximize the impact on their results.

We believe that our Enterprise Division's AAP is a powerful way to deliver our solutions to clients of various sizes, including large, multinational organizations. As part of their engagement, clients can deploy complete content offerings such as *The 7 Habits of Highly Effective People*, *The Four Disciplines of Execution*, *The Speed of Trust*, *Working with AI*, *Leading AI Adoption*, *The 4 Essential Roles of Leadership*, *6 Critical Practices for Leading a Team*, and *Multipliers*, or use individual concepts from any of these well-known offerings to create a custom solution to fit their organization's goals. Strategic deployments are supported by expert consultants and coaches, who work with clients to align our solutions and implementation processes in ways that maximize their impact on client results. The AAP also includes access to Franklin Covey's AI Coach, which helps individuals deepen their learning and application of our content. Our AAP-based solutions can be deployed in numerous languages, enabling multinational clients to achieve impact throughout their operations. This global capability also provides us with substantial international sales opportunities.

In our Education Division, we offer the *Leader in Me* membership, which provides access to the *Leader in Me* online service, and authorizes Education clients to use Franklin Covey's proprietary intellectual property. The *Leader in Me* online service provides access to digital curriculum, leadership lessons, illustrated leadership stories, and a variety of other resources to enable an educational institution to effectively implement and utilize the *Leader in Me* program. In addition to the content and materials, we provide experienced coaches and consultants to assist schools with the implementation of the *Leader in Me* program. The coaches and consultants who serve in the Education Division are primarily former educators, including teachers, principals, and administrators, who have a deep understanding of the current challenges facing educators and students and understand how the *Leader in Me* program can effectively address these challenges. We believe the *Leader in Me* solution provides measurable results in the areas of student leadership, improved school culture, and increased academic proficiency. These improvements from utilizing the *Leader in Me* program are supported by numerous studies and research conducted over previous years in various locations.

Each division operates globally with a common brand and a business model designed to provide clients around the world with the same high level of service. We have sales and support associates throughout the United States and Canada, and during fiscal 2026 we continued to operate wholly owned subsidiaries that serve clients in Austria, Australia, China, France, Germany, Ireland, Japan, New Zealand, Switzerland, and the United Kingdom. In foreign locations where we do not have a directly owned office, we may contract with independent licensee partners who deliver our content and provide services in approximately 150 other countries and territories around the world.

Further information about our content and services can be found on our website at www.franklincovey.com. However, the information contained in, or that can be accessed through, our website does not constitute any part of this Annual Report.

Business Development

Our business is currently structured around two divisions, the Enterprise Division and the Education Division. The Enterprise Division consists of our North America and International segments and is focused on selling our solutions to corporations, governments, not-for-profits, and other related organizations. Solutions delivered through the Enterprise

Division are designed to help organizational leaders achieve breakthrough results on mission critical objectives. Our Education Division is centered around the principles found in the *Leader in Me* and is dedicated to helping educational institutions build cultures that will produce great results, including increased student performance, improved school culture, and increased parental and teacher involvement.

Following the launch of our AAP subscription service and *Leader in Me* membership, we have consistently sought to improve our content, technology, services, and overall client experience with these subscription-based offerings. We believe that continued investments in content, technology, and personnel who can provide highly credible consulting, coaching, and related delivery services are key to our ongoing client growth and our growth in subscription and product and services revenues.

In addition to the internal development of our solutions, we have on occasion sought to grow our capability and revenues through acquisitions of businesses and content licenses, and expanding our operations globally either through new direct offices or strengthening our licensee network. Over the past few years, our growth investment efforts have included the following:

- ***Increased Investment in Content and Delivery Platforms –*** Over the past several years, we have substantially increased our investments in content and delivery platforms. In fiscal 2026, we significantly upgraded *6 Critical Practices for Leading a Team*, a core offering that helps clients strengthen their frontline leadership, and launched *Working with AI* and *Leading AI Adoption*, which are new solutions that help leaders realize the transformative value of Artificial Intelligence for their organizations. We also created tailored versions of several core solutions to better serve our healthcare clients. Additionally, we invested in improvements across our *Leader in Me* solution. In prior years we invested in significant revisions to our flagship *The 7 Habits of Highly Effective People* offering, which launched in early fiscal 2025, on new *Leader in Me* content, and for enhancements to our Impact Platform. During fiscal 2024 we also acquired a license for *The Teacher Believed in Me* content, which is expected to provide new opportunities for growth in our *Leader in Me* membership and related offerings. We believe continuing investments in our content and offerings are critical to our growth and ability to attract and retain clients.
- ***Artificial Intelligence (AI) –*** We believe the adoption of AI will increase the premium on human leadership skills, including the ability to set vision, focus teams, serve customers, and collaborate effectively alongside AI tools. We are investing in our platforms and content to help clients develop and engage their people to achieve their strategic goals in the flow of their work and in the platforms and tools that they use every day. We believe that AI provides opportunities for increased scale, improved impact, and deeper client engagement with our solutions.

We seek to consistently add new capabilities that will help us deliver value to clients and increase the impact of our solutions. As a result, we expect to make additional investments in technology, content, and consulting expertise in fiscal 2027 and in future periods as market conditions allow. These investments may include hiring additional personnel, the acquisition of license rights, and business acquisitions. For further information regarding our business development, refer to the section entitled, "*Key Strategic Objectives*" in Item 7 of this Annual Report on Form 10-K.

Our Associates

As of August 31, 2026, we had approximately 1,010 associates worldwide, who are mostly full-time employees. We also utilize independent contractors and temporary personnel to supplement our workforce. None of our associates are represented by a union or collective bargaining agreement, and we have never experienced a material labor interruption due to labor disagreements. For more information regarding our associates refer to the Human Capital Resources disclosures found later in this section.

Our Industry and Competitors

FranklinCovey is a focused solutions provider in the People and Organizational Performance industry. Companies in this industry offer clients a range of services, including advisory and consulting expertise, leadership development programs, HR technologies, learning platforms, and training content libraries. FranklinCovey partners with senior executives and

talent leaders in both the Enterprise and Education markets to help organizations achieve performance improvement by engaging leaders and teams in focused and effective ways that support strategic execution.

The addressable market for these offerings is large and diversified. According to Training Industry's 2025 *State of the Industry Report*, U.S. corporate training expenditures are estimated at approximately $188 billion (about $400 billion globally). IBIS World estimates U.S. spending on Human Resource Consulting at approximately $29 billion. In addition, our offerings address operating budgets allocated by leaders to achieve mission-critical objectives and business transformations. Based on these estimates, we believe our total available market for training and consulting is significant. The addressable market for our Education solutions is also significant, including external curriculum budgets (estimated at around $2 billion in the U.S.) as well as funding from state, federal, and local governments, foundations, and other community sources.

Competitors for our Enterprise Division include consulting firms such as McKinsey & Company, Deloitte Consulting, and Accenture; recruitment and advisory firms such as Korn Ferry and Heidrick & Struggles; leadership development organizations such as Development Dimensions International (DDI), BTS, LHH, and Blanchard; coaching providers such as BetterUp, CoachHub, and Ezra; sales-training organizations such as RAIN Group, Sandler, and Challenger; HR-technology providers such as Workboard, Amplify, and Cornerstone; and learning-library providers such as Coursera, Udemy Business, and LinkedIn Learning.

Competitors for our Education Division include solutions providers such as Second Step, Capturing Kids' Hearts, CharacterStrong, 7 Mindsets, and Responsive Classroom.

We believe that the principal competitive factors in our industry include:

- Quality and relevance of learning content.
- Credible advisory and consulting expertise.
- Effectiveness of implementation methodologies.
- Strength of go-to-market operations and client support.
- Skills and experience of professionals who develop and deliver solutions.
- Ability to create measurable value for clients.
- Reputation and client references.
- Competitive pricing.
- Global reach and delivery capability.
- Brand recognition and market presence.

Given the size and attractiveness of our target markets, competition continues to evolve as new and existing competitors continue to innovate, novel technologies—particularly AI—reshape delivery models, and emerging solution approaches raise client expectations.

We believe FranklinCovey is well positioned within this environment due to:

- The quality and depth of our content;
- The breadth and flexibility of our delivery options, including the All Access Pass and *Leader in Me* membership offerings;
- Our global reach and delivery capability, which allow multinational clients to deploy solutions consistently across geographies; and
- The measurable impact our offerings are designed to achieve on client organizations and results.

We have a relatively broad base of clients, which includes thousands of organizational, governmental, educational, and individual clients in both the United States and in other countries that are served through our directly owned operations. We have thousands of additional organizational clients throughout the world which are served through our global licensee network, and we believe that our content, in all its forms, delivers results that encourage strong client loyalty. Our clients are in a broad array of industries, and we are not dependent on a single client or industry group. During the periods presented in this report, none of our clients were responsible for more than 10% of our consolidated revenues.

Our Intellectual Property

Our success has resulted in part from our proprietary content, methodologies, and other intellectual property rights. We seek to protect our intellectual property both globally and domestically through a combination of trademarks, copyrights, and confidentiality agreements. We claim rights for 692 trademarks in the United States and foreign countries, and we have obtained registration in the United States and numerous foreign countries for many of our trademarks including *FranklinCovey, The 7 Habits of Highly Effective People, The 4 Disciplines of Execution*, and *The 7 Habits*. We consider our trademarks and other proprietary rights to be important and material to our business and we regularly review the status of our trademarks and renew them to prevent the trademark protection from lapsing.

We claim 265 registered copyrights, and own sole or joint copyrights on our books, manuals, text and other printed information provided in our training programs, and other electronic media products, including audio and video media. We may license, rather than sell, facilitator workbooks and other seminar and training materials in order to protect our intellectual property rights therein. We place trademark and copyright notices on our instructional, marketing, and advertising materials. In order to maintain the proprietary nature of our product information, we enter into written confidentiality agreements with certain executives, product developers, sales professionals, training consultants, other employees, and licensees. Additionally, we actively monitor and seek to eliminate unauthorized use of our intellectual property.

Our Products and Sustainability

We offer nearly all of our training materials and related accessories in digital format. If a client chooses to use paper-based materials in their training programs, we also offer printed materials. Our printed training materials are primarily comprised of paper, which we believe is a renewable and sustainable resource and all of our primary printer's paper suppliers are Forest Stewardship Council (FSC) certified. We purchase our training materials and related products from vendors and suppliers located both domestically and internationally, and we are not dependent upon any one vendor for the production of our training and related materials as the raw materials for these products are readily available. Our training materials are primarily warehoused and distributed from an independent warehouse facility located near Des Moines, Iowa.

Seasonality

Our fourth quarter of each fiscal year may have higher sales and operating income than other fiscal quarters primarily due to increased revenues in our Education Division (when school administrators and faculty have professional development days) and to increased sales that typically occur during that quarter from year-end incentive programs. Overall, training sales are moderately seasonal because of the timing of corporate training, which is not typically scheduled as heavily during holiday and certain vacation periods.

Human Capital Resources

Franklin Covey is a people business. Our ability to help clients achieve results that require changes in human behavior depends on the capability, engagement, and durability of our own workforce. As of August 31, 2026, we employed approximately 1,010 associates across our directly owned operations. Our human capital approach is grounded in two of our stated company values: *The Whole Person*, through which we embrace the uniqueness and diversity of each individual and cultivate a culture of belonging, and *The Pursuit of Growth*, through which we commit to meaningful growth for individuals and for the organization. These values are not aspirations we hold apart from the business—they are fully integrated in our approach to developing, engaging, and rewarding the people who serve our clients.

Our Culture of Greatness

During fiscal 2026, we began rolling out our *Culture of Greatness*, a framework that builds accountability for performance through clarified goals and formal development of our people. This framework is one of the ways we are moving the organization toward a people and performance culture from a human capital standpoint. Our *Culture of Greatness* is designed to connect individual performance to organizational results, and it applies to us the same principles of effectiveness we bring to our clients.

The framework organizes our human capital work into two connected halves. The first, *Stewarding Performance*, launched in the fall of 2025 and concentrates on excelling in current work. It begins by defining what a strong outcome looks like, so expectations are clear and shared and continues through observing and assessing performance against that standard. *Stewarding Performance* culminates in forward-looking coaching conversations that turn the performance review into a discussion about accelerating future impact. The second half, *Stewarding Development and Readiness*, is our longer-term investment in growth. We deliver this program through our People Services Centers of Excellence, which include Talent Acquisition, Learning and Development, Total Rewards, and HR Operations, together with Talent Management led by our human resource business partners. This half of the framework scales development and reinforces readiness so that progress persists and continues ongoing practices, including our Winning Culture Council and our annual Winning Culture Survey, that help sustain an engaged and productive workforce, consistent with our long-standing value of Valuing the Whole Person, which recognizes the full contribution each associate brings to their work.

The Whole Person: Contribution and Performance

We believe people do their best work when they are valued as a whole person and can contribute fully. When associates feel heard and respected, we believe they bring more discretionary effort, collaborate more openly, and stay with us longer, which strengthens continuity and reduces the cost of turnover. This reflects our long-standing efforts to recognize the full contribution each associate brings to their work and applies to our entire workforce.

Our commitment to The Whole Person is expressed in flexible work arrangements that support associates in managing their responsibilities inside and outside of work. In our fiscal 2026 engagement survey, 92% of responding associates reported that they are genuinely supported if they choose to make use of flexible working arrangements, and 91% reported that they are able to arrange time away from work when they need it. We view these results as evidence that flexibility at FranklinCovey is a lived practice, not just a stated policy.

The Pursuit of Growth: Learning and Talent Development

Developing our people is both a business necessity and a direct expression of what we sell. We do for ourselves what we recommend to our clients, which allows us to serve as our own first proof point.

Associates have access to the same content and platforms that anchor our commercial offerings, plus internally focused programs and platforms. New associates engage our foundational content, including *The 7 Habits of Highly Effective People*, early in their tenure, and associates across the organization have ongoing access to our Impact Platform, our Leadership Academy, and our internal learning platform, The Compass. During fiscal 2026, our Leadership Academy offered several development opportunities to associates through open enrollment, including *Writing for Results*, a practical framework that helps associates think clearly, write persuasively, and sharpen critical thinking, and our AI-focused solutions, *Working with AI* and *Leading AI Adoption*.

Our client-facing Impact Platform is designed to drive lasting behavior change and skill development, and we use it internally to develop our own associates in alignment with a strategic learning focus. This reflects a deliberate choice to build associate capability using the same tools we ask our clients to trust. During fiscal 2026, associates with access to the platform engaged its content across the full range of available formats. Engagement concentrated in structured learning modules, followed by articles drawn from across our content library and by practical, applied resources, with additional activity spanning exercises, application challenges, video, and reinforcement tools. That the heaviest use fell in modules and applied resources, rather than in passive formats alone, indicates engagement oriented toward building capability rather than mere exposure. We serve as our own first proof point: Our people develop skills inside the very environment that anchors our commercial offerings.

Individual growth is structured, not incidental. Consistent with our *Culture of Greatness*, associates and leaders define what great performance looks like, assess progress against that standard, and hold forward-looking coaching conversations, supported by development plans that inform planning across levels of the organization.

Building an AI-Enabled Workforce

During fiscal 2026, we launched an internal AI enablement program built on the principle that AI at FranklinCovey is principle-centered, human-powered, and AI-enhanced. Consistent with our practice of applying our own methods to ourselves first, we used our *Leading AI Adoption* framework internally, treating the Company as our own initial case. The program advanced along four stages: clarifying why AI matters for the organization and for each role; identifying where AI can create meaningful leverage; building the confidence and competence to use AI capably and safely; and sharing what works so that adoption compounds across teams.

The program is supported by three components. An AI Hub, led by our information technology team, provides a central, unified location for approved tools, built-in data protections, and clear standards and guidance, so that associates can use AI with confidence that Company and client data remain secure. An AI Lab, led by our Product and Platform team, is a cross-functional group that defines, designs, and implements organization-specific AI solutions. Two courses designed for our clients, *Working With AI* and *Leading AI Adoption*, were made available to associates across the organization through the Leadership Academy. We view responsible AI capability as a growing dimension of workforce readiness and a natural extension of our performance mission.

Engagement and Culture Monitoring

We measure culture deliberately and act on what we learn. Each year we conduct our Winning Culture survey through our engagement platform partner, Culture Amp, which allows associates to give candid feedback and gives leaders a consistent basis for team-level action.

In our fiscal 2026 survey, 70% of associates globally participated, and our overall favorable engagement score was 74%. Our overall engagement score moved from 77% in fiscal 2025 to 74% in fiscal 2026. We view this modest change as consistent with a year of deliberate organizational change; our own research on leading change indicates that some measures may temporarily soften during periods of significant transition, and we regard sustained engagement above our stated thresholds during such a period as a sign of underlying strength.

Our response philosophy keeps action in the flow of work. Following each survey, leaders identify up to two focus areas aligned with organizational, business-unit, and team priorities, so that change is realistic and visible. We are also applying our own AI enablement here, using our engagement platform's AI capabilities to help leaders explore themes and plan actions grounded in real data.

Talent Strategy and People Leadership

Our people strategy is led by our People Services function, which oversees human resources operations, total rewards, talent acquisition, talent management and learning and development. Within this structure, our human resource business partners lead talent management, deepening the strategic connection between talent and business outcomes through succession planning, performance management, and leader coaching. This work highlights our commitment to give strategy a human edge inside our business units, aligning workforce capability with the results our clients expect.

Total Rewards

Our total rewards philosophy and approach are designed to attract, retain, and motivate talented associates in the domestic and international regions in which we employ our associates. Our rewards are benchmarked to relevant local markets to ensure competitive positioning in each geography in which we compete for talent.

In 2026 we fully implemented a pay-for-performance strategy which made the “rewarding high performance pillar” of our rewards philosophy a reality for all associates. By connecting our *Culture of Greatness* to our pay-for-performance strategy, FranklinCovey is now fully aligning rewards to the contributions that drive desired Company results and client outcomes.

We also provide competitive benefits programs designed to support associate health, financial well-being, and work-life balance.

Aligning Our Workforce to Our Strategy

As we continue to evolve our go-to-market approach, we periodically align the size and composition of our workforce with our strategic direction. We view these adjustments as purposeful steps to position the organization for durable, profitable growth, consistent with the subscription momentum and deferred-revenue trends reflected in our publicly reported results.

Our Commitment to Our People

At FranklinCovey, we recognize that our people are our most important asset and that culture is a critical driver of performance. We believe that our culture—built on the principles of valuing the whole person, fostering trust, and creating a culture of winning together—ensures associates are part of high-performing teams, engaged in meaningful work, and supported in an environment of respect. Sustaining this culture enables associates to thrive, strengthens client relationships and impact, and delivers enduring value for shareholders, reinforcing human capital as a cornerstone of our long-term success.

Government Contracts

Our U.S. government contracts are subject to the approval of appropriations by the U.S. Congress to fund the agencies contracting for our offerings and products. Additionally, our contracts at the state and local levels, including contracts with school districts and other public educational institutions, are subject to various governmental authorizations and funding approvals and mechanisms. Governmental contracts may be terminated at any time by the government entity without cause or penalty. Our operations in fiscal 2026 and 2025 were adversely impacted by governmental contracting actions, including the postponement or cancellation of contracts during those fiscal years.

Information About Our Executive Officers

Effective September 1, 2026, M. Sean Covey was named Chief Product Officer, a Company-wide role in which he now leads the development and oversight of our content and offerings. Concurrent with Mr. Covey's new role, the Company appointed John M. Buchanan as Executive Vice-President of the Education Division where he will have the responsibility to lead the Education Division. Unless noted in the following biographical information, the remaining executives served in their described roles throughout the fiscal year ended August 31, 2026.

Jessica G. Betjemann, 55, joined Franklin Covey on May 1, 2025 and currently serves as Executive Vice-President and Chief Financial Officer. Ms. Betjemann brings more than 30 years of experience building financial value and managing investment decisions for a variety of companies. Most recently, Ms. Betjemann served as Executive Vice President and CFO of Gogo, Inc. (NASDAQ: GOGO), a leading provider of inflight connectivity services for the business aviation market. Ms. Betjemann previously served as Gogo's Senior Vice President of Finance, Chief Accounting Officer, and Treasurer, expanding her role after joining Gogo as Vice President, Financial Planning and Analysis in 2016. Prior to joining Gogo in 2016, Ms. Betjemann served as Vice President of Strategic Business Planning at Nokia and held several senior leadership roles in strategy and business operations at Alcatel-Lucent from 2007 to 2015. Prior to 2007, Ms. Betjemann held various strategy and finance roles at Lucent Technologies and AT&T. Ms. Betjemann earned a Master of Business Administration degree in finance, marketing, and international business from the Stern School of Business at New York University and a Bachelor of Arts degree in mathematics and economics from Lafayette College in Easton, Pennsylvania.

John M. Buchanan, 52, currently serves as Executive Vice President, Education at FranklinCovey, where he leads the Company's global Education Division and *Leader in Me* businesses. Mr. Buchanan started this role on September 1, 2026. Prior to this role, Mr. Buchanan held various senior executive roles across education, technology, sports, and consumer sectors and brings more than 25 years of operating and commercial leadership experience. Mr. Buchanan served as Chief Growth Officer at GoGuardian from August 2024 to September 2026, where he led a broad commercial and customer organization spanning sales, marketing, customer success, business development, partnerships, revenue operations, and solutions engineering. Prior to GoGuardian, he held senior marketing and sales leadership roles at Care.com from August 2023 to August 2024; LegalZoom, where he played a significant role in its IPO; the NFL; Adobe; Yahoo; and Electronic Arts — helping businesses navigate major shifts in technology, customer behavior,

business models, and go-to-market strategy. Mr. Buchanan is a graduate of the University of Southern California, where he earned degrees in Political Science and International Relations. Mr. Buchanan currently serves as Vice Chair of the USC Marshall School of Business Corporate Advisory Board and has served on several education, nonprofit, and private-company advisory boards.

M. Sean Covey**,** 62, currently serves as Chief Product Officer for Franklin Covey, effective September 1, 2026. Prior to this role, he served as President of the Franklin Covey Education Division, where he led the growth of this Division from its infancy in 2010 to its status today. Mr. Covey is the innovator of *Leader in Me*, a K12 whole-school improvement model that is now used in over 8,000 schools and 50 countries. Mr. Covey previously ran the Franklin Covey international licensee network and the Franklin Covey retail chain of stores and has been an executive officer since September 2008. Mr. Covey also served as the Executive Vice President of Innovations from 2003 to 2018, where he led the development of many of the Company's current offerings, including *The 4 Disciplines of Execution*. Before Franklin Covey, Mr. Covey worked for the Walt Disney Company, Trammel Crow Ventures, and Deloitte & Touche Consulting. Mr. Covey is also a New York Times best-selling author and has authored or coauthored several books, including the Wall Street Journal #1 Business Bestseller, *The 4 Disciplines of Execution*, *The Leader in Me*, *The 7 Habits of Happy Kids*, and *The 7 Habits of Highly Effective Teens*, which has been translated into 30 languages and sold over 8 million copies worldwide. Mr. Covey is a versatile keynote speaker who regularly addresses kids and adults within education and business. Mr. Covey graduated from Brigham Young University with a bachelor's degree in English and later earned an MBA from Harvard Business School. While at BYU, he was the starting quarterback for the football team where he earned several honors. Mr. Covey is also the Founder and Chairman of Bridle Up Hope, a family run global non-profit organization with a mission to inspire hope, confidence, and resilience in young women through equestrian training, life skills development, and service.

Colleen Dom, 64, was appointed the Executive Vice-President of Operations in September 2013. Ms. Dom began her career with the Company in 1985 and served as the first Client Service Coordinator, providing service and seminar support for some of the Company's very first clients. Prior to her appointment as an Executive Vice-President, Ms. Dom served as Vice-President of Domestic Operations since 1997 where she had responsibility for the Company's North American operations, including client support, supply chain, and feedback operations. During her time at Franklin Covey Co., Ms. Dom has been instrumental in creating and implementing systems and processes that have supported the Company's strategic objectives and has more than 40 years of experience in client services, sales support, operations, management, and supply chain. Due to her valuable understanding of the Company's global operations, Ms. Dom has been responsible for numerous key assignments that have enhanced client support, optimized operations, and built capabilities for future growth. Prior to joining the Company, Ms. Dom worked in retail management and in the financial investment industry.

Holly Procter, 40, has served as President of the Enterprise Division since September 2025. Ms. Procter joined the Company in June 2024 as Chief Revenue Officer and a member of the executive leadership team. Prior to joining the Company, Ms. Procter served as Chief Revenue Officer of Incredible Health from May 2023 to June 2024, and as Senior Vice President and Global Head of Sales of Clari from February 2020 to April 2023. She previously held go-to-market and sales leadership positions at LinkedIn and WeWork. Ms. Procter's experience spans enterprise software, consulting, and healthcare, with a focus on go-to-market strategy, global sales enablement, international expansion, and building enterprise revenue organizations. Ms. Procter holds a Bachelor of Science in Business Administration and a Master of Business Administration from the University of Nebraska–Lincoln.

Paul S. Walker, 51, has served as the Company's President and Chief Executive Officer since September 2021, and was appointed to our Board of Directors effective July 1, 2023. Mr. Walker began his career with the Company in 2000 in the role of business developer, and quickly moved to become a Client Partner and then an Area Director. In 2007, Mr. Walker became General Manager of the North America Central Region. In 2014, Paul assumed responsibility for the Company's United Kingdom operations in addition to his role as General Manager of the Central Region. In 2016, Mr. Walker relocated to the Company's Salt Lake City, Utah headquarters where he served as Executive Vice-President of Global Sales and Delivery and as President of the Company's Enterprise Division until November 2019 when he was appointed President and Chief Operating Officer. During his time at Franklin Covey, Mr. Walker has led many digital transformation projects, including the transition to the All Access Pass. Mr. Walker graduated from Brigham Young University with a Bachelor of Arts in Communications.

Available Information

We regularly file reports with the Securities and Exchange Commission. These reports include, but are not limited to, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and security transaction reports on Forms 3, 4, or 5. The SEC also maintains electronic versions of the Company's reports, proxy and information statements, and other information that the Company files with the SEC on its website at www.sec.gov.

The Company makes our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other reports filed or furnished with the SEC available to the public, free of charge, through our website at www.franklincovey.com. These reports are provided through our website as soon as is reasonably practicable after we file or furnish these reports with the SEC. Unless expressly noted, the information on our website or any other website is not incorporated by reference in this Annual Report on Form 10-K or any other filing we make with the SEC.

ITEM 1A. RISK FACTORS

Our industry and business environment, domestic and international economic conditions, governmental actions, geopolitical circumstances, international relationships, cybersecurity threats, and other specific risks may affect our future business decisions and financial performance. The matters discussed below may cause our future results to differ from past results or those described in forward-looking statements and could have a material effect on our business, financial condition, liquidity, results of operations, and stock price, and should be considered in evaluating Franklin Covey Co.

The risks included here are not exhaustive. Other sections of this report may include additional risk factors which could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing industry and global environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Further, the disclosure of risks identified below does not imply that the risk has already materialized.

Training Industry and Strategic Risks

We operate in an intensely competitive industry and our competitors may develop programs, services, or courses that adversely affect our ability to sell our offerings.

The training and consulting services industry is intensely competitive with relatively easy entry. Competitors continually introduce new programs, services, and delivery methods that may compete directly with our offerings, or that may make our offerings uncompetitive or obsolete. Larger competitors may have superior abilities to compete for clients and skilled professionals, reducing our ability to deliver quality work to our clients. Some of our competitors may have greater financial and other resources than we do. In addition, one or more of our competitors may develop and implement training courses or methodologies that may adversely affect our ability to sell our offerings and products to new clients. Any one of these circumstances could have an adverse effect on our ability to obtain new business, keep existing clients, and successfully deliver our services.

Our business depends on renewals of subscription-based offerings and sales of new subscription-based services for a significant portion of our revenue, and our failure to renew at sufficient rates or generate new sales of such offerings will lead to a decrease in our revenues.

A large portion of our success depends on our ability to generate renewals of our subscription-based offerings, which primarily consist of the AAP and *Leader in Me* membership, and produce new sales of our offerings and products to both new and existing clients. Currently, the majority of our revenue is generated from subscription-based offerings and related services and materials sales. Generating new sales of our subscription-based offerings and products, both to new and existing clients, is a challenging, costly, and often time-consuming process. If we are unable to generate new sales, due to competition, economic uncertainty, or other factors, our revenues will be adversely affected.

Our subscription contracts are typically for periods of 12 months or longer. Our ability to maintain contract renewals is subject to numerous factors, including:

- delivering high-quality content, solutions, and coaching to our clients;
- understanding and anticipating market and technology trends and the changing needs of our clients; and
- providing offerings and products of the quality and timeliness necessary to withstand competition.

Additionally, as we continue to adjust our offerings and products to meet our clients' needs, we may shift the type and pricing of our offerings, which may adversely impact client renewal rates. There can be no guarantee that we will be able to maintain consistent customer renewals in future periods. If we are not able to generate new sales and maintain contract renewals, our business and results of operations may be adversely affected.

Failure to maintain our reputation, brand image, and culture could negatively impact our business.

Our success depends on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting, and growing our brands will depend on our design and marketing efforts, including advertising and consumer campaigns, content and platform innovation and quality, and our efforts in these respects may not have the desired impact on our brand image and reputation. In addition, our success in maintaining, extending, and expanding our brand image depends on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and digital dissemination of advertising campaigns on our digital platforms and through our digital experiences. We could be adversely impacted if we fail to achieve any of these objectives.

Our brand value also depends on our ability to maintain a positive consumer perception of our corporate integrity, purpose, and brand culture. Negative claims or publicity involving us, our culture and values, our products, services and experiences, consumer data, or any of our affiliates could seriously damage our reputation and brand image, regardless of whether such claims are accurate. Further, our reputation and brand image could be damaged as a result of our support of, association with or lack of support or disapproval of certain social causes, as well as any decisions we make to continue to conduct, or change, certain of our activities in response to such considerations. Social media, which accelerates and potentially amplifies the scope of negative publicity, can increase the challenges of responding to negative claims. Adverse publicity about regulatory or legal action against us, or by us, could also damage our reputation and brand image, undermine consumer confidence in us, and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations. If the reputation, perception, or image of any of our brands is tarnished or if we receive negative publicity, our financial condition and results of operations could be materially and adversely affected.

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

Our financial success is partially dependent on our ability to protect our proprietary offerings and other intellectual property. The existing laws of some countries in which we provide services might offer only limited protection of our intellectual property rights. To protect our intellectual property, we rely upon a combination of confidentiality policies, nondisclosure and other contractual arrangements, as well as copyright and trademark laws. In addition, the rapid growth and utilization of AI may lead to infringements on our trademarked and copyrighted materials. The steps we take to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property, and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights.

The loss of proprietary content or the unauthorized use of our intellectual property may create greater competition, loss of revenue, and adverse publicity, and may also limit our ability to reuse that intellectual property with other clients. Any limitation on our ability to provide a service or solution could cause us to lose revenue-generating opportunities and require us to incur additional expenses to develop new or modified solutions for future engagements.

The loss of governmental funding and contributions from charitable organizations could harm our Education Division's ability to grow and expand into new schools in the future.

Many schools in the United States benefit from governmental funding initiatives, which provide additional funding for schools to pursue improvement programs such as our *Leader in Me* offering. In addition, we partner with charitable organizations to fund *Leader in Me* programs in many schools across the country. Supported by numerous studies and endorsements, we believe the *Leader in Me* program provides meaningful and measurable improvements to the academic environment of schools, which enable the educational institutions to utilize governmental funding and attract additional support from charitable organizations to implement our *Leader in Me* offering. If governmental funding for school improvement expires or is reduced, or charitable organizations decide not to continue to support *Leader in Me* programs in schools, our results of operations, cash flows, and financial position may be adversely impacted.

We depend on key personnel, the loss of whom could harm our business.

Our future success will depend, in part, on the continued service of key executive officers and personnel. The loss of the services of key individuals could harm our business. Our future success also depends on our ability to identify, attract, and retain additional qualified senior personnel. Competition for such individuals in the current labor market and in our industry is intense, and we may not be successful in attracting and retaining such personnel.

If we are unable to attract, retain, and motivate high-quality employees, including sales personnel and training consultants, we may not be able to grow our business as projected or may not be able to compete effectively.

Our success and ability to grow are partially dependent on our ability to hire, retain, and motivate sufficient numbers of talented people with the increasingly diverse skills needed to serve our clients and grow our business. Competition for skilled personnel is intense at all levels of experience and seniority. There is a risk that we will be unable to hire and retain a sufficient number of employees with the skills or backgrounds we require, or that it will prove difficult to retain them in a competitive and inflationary labor market. If we are unable to hire and retain talented sales and delivery employees with the skills, and in the locations, we require, we might not be able to grow our business at projected levels or may not be able to effectively deliver our content and services. If we need to hire additional personnel to maintain a specified number of sales personnel or are required to re-assign personnel from other geographic areas, it could increase our costs and adversely affect our profit margins. In addition, the inability of newly hired sales personnel to achieve increased sales metrics as they progress may inhibit our ability to attain anticipated sales growth.

Our work with governmental clients exposes us to additional risks that are inherent in the government contracting process.

Our clients include national, state, provincial, and local governmental entities, and our work with these governmental entities has various risks inherent in the governmental contracting process. These risks include, but are not limited to, the following:

- Governmental entities typically fund projects through appropriated monies. While these projects are often planned and executed as multi-year projects, the governmental entities usually reserve the right to change the scope of, or terminate, these projects for lack of approved funding, budgetary changes, and other discretionary reasons. Changes in governmental priorities or other political developments, including disruptions in governmental operations, could result in reductions in the scope of, or in termination of, our existing contracts.
- Governmental entities often reserve the right to audit our contract costs, including allocated indirect costs, and conduct inquiries and investigations of our business practices with respect to our government contracts. Findings from an audit may result in our being required to prospectively adjust previously agreed upon rates for our work, which may adversely affect our future margins.
- If a governmental client discovers improper activities in the course of audits or investigations, then we may become subject to various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions, or debarment from doing business with other agencies of that government.

- Political and economic factors such as pending elections, the outcome of elections, revisions to governmental tax policies, sequestration, debt ceiling negotiations, and reduced tax revenues can affect the number and terms of new governmental contracts signed.

The occurrences or conditions described above could affect not only our business with the particular governmental agency involved, but also our business with other agencies of the same or other governmental entities. Additionally, because of their visibility and political nature, governmental contracts may present a heightened risk to our reputation. Any of these factors could have an adverse effect on our business or our results of operations.

Some terminology, language, or content in our offerings may be deemed offensive by certain individuals due to rapidly changing societal norms, which may cause damage to our brand or reputation.

Our mission is to enable greatness in individuals and organizations everywhere regardless of race, religion, gender, or other individual characteristics. We write and design our content and materials to accomplish this mission and believe that the principles we teach improve lives. Through our directly owned offices and international licensees, our content is delivered in numerous countries around the world in different languages and in different cultures. The language, graphics, and examples used in our content and materials may be understood and interpreted differently by individuals based on culture, experience, societal norms, and other factors. As a result, some individuals may find some of the content in our materials offensive. While we have an ongoing review process to remove potentially offensive terms or images from our materials, a rapidly changing cultural and social environment may create unfavorable interpretations of language or images faster than we can identify and remediate them. Although our intent is to educate and improve individual lives and organizational cultures without offense, an unfavorable interpretation by an individual or organization of the language, concepts, or images used in our content or materials may harm our reputation and brand, cause us to lose business, and adversely affect our results of operations.

Cybersecurity and Information Technology Risks

Many of our services are internet-based, and as such we are subject to increased risks of cyber-attacks and other security breaches that could incur additional liabilities and have a material adverse effect on our business and reputation.

We collect, process, and retain a limited amount of sensitive and confidential information regarding our customers which may be maintained on internet-based platforms, and we are dependent on information technology networks and systems to process, transmit, and store electronic information and to communicate between our locations around the world and with our clients. Our internet-based facilities and systems may be vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, stolen intellectual property, programming or human errors, or other similar events.

We strive to employ global best practices in securing and monitoring code, applications, systems, processes, and data, and our data protection practices are regularly reviewed and validated by an external auditing firm. However, no information security program is perfect, and these efforts may be insufficient to protect sensitive information against illegal activities.

The access by unauthorized persons to, or the improper disclosure by us of, confidential information regarding our customers or our own proprietary information, software, methodologies, and business secrets could result in significant legal and financial exposure, damage to our reputation, or a loss of confidence in the security of our systems, products, and services, which could have a material adverse effect on our business, financial condition, or results of operations. To the extent we are involved in any future cyber-attacks or other security incidents, our brand and reputation could be affected, and these conditions could also have a material adverse effect on our business, financial condition, or results of operations.

For further information on our cybersecurity efforts and Board of Directors oversight, please refer to Item 1C *Cybersecurity* as found in this Annual Report on Form 10-K.

We are subject to numerous global data breach and cybersecurity regulations that may compound the effects of data breaches.

We are subject to numerous U.S. and foreign jurisdiction laws and regulations governing the protection of personal data. For example, the California Consumer Privacy Act (CCPA) requires that businesses undertake detailed risk assessments and conduct independent cybersecurity audits. If we, our associates, business partners, or our service providers negligently disregard or intentionally breach our established controls with respect to such data or otherwise mismanage or misappropriate that data, we could be subject to notification requirements, monetary damages, fines, and/or criminal prosecution, as well as litigation from parties impacted by a breach of their data or harm to their systems as a result of malware or other security incidents within our own networks or systems. Unauthorized disclosure, loss or alteration of personal, sensitive, or confidential client or employee data or client or end-user systems, whether through systems failure, employee negligence, fraud, or misappropriation could damage our reputation and cause us to lose clients.

We are subject to growing and increasingly complex global data privacy laws with increased compliance and enforcement risks.

The violation of these laws can result in significant penalties. For example, under the privacy law in the EU and UK, the General Data Protection Regulation (GDPR), fines of up to 20 million Euros or up to 4% of the annual global revenues of the infringer, whichever is greater, could be imposed. In addition, over twenty U.S. states have enacted general consumer data privacy laws since 2018. We have implemented policies, controls, and procedures, including a team dedicated to data protection, to comply with the requirements of these privacy laws. However, these procedures and controls may not be completely effective in preventing breaches or unauthorized processing of personal data, and compliance requirements may require us to update or modify our controls. In addition, we continue to see jurisdictions around the world make new laws as they revise and enforce their privacy laws. Accordingly, we will need to continue evolving our compliance measures over time, and there is some risk that common interpretations of the requirements in such laws may not necessarily align with opinions of applicable regulators or potential litigants, such that the risk of fines and litigation may be increased in countries with newer laws.

In addition, some privacy laws, particularly GDPR, impose restrictions on cross-border transfers of personal data to the United States. Current regulatory guidance regarding those transfers imposes heightened privacy obligations, including the obligation to conduct a transfer impact assessment and, depending on a party's role in the transfer and the laws and practices of the destination country, to implement additional security measures, and update internal privacy practices. Privacy advocates in the EU and UK have filed lawsuits seeking to impose even more stringent restrictions on cross-border transfers due to concerns about the ability of the U.S. government to compel recipients in the U.S. to provide personal data for national intelligence and law enforcement purposes. If successful, these measures could impair our ability to import personal data from Europe to the United States or other countries and may thereby decrease demand for our products and services as our customers that are subject to such laws may seek alternatives that do not involve personal data transfers out of Europe or the UK. In addition, we are subject to regulations in China relating to the collection, use, transfer, security, and other processing of personal information in or from China. Our inability to transfer personal data to the United States and other countries may decrease the functionality or effectiveness of our products and services, increase costs, and adversely impact our marketing efforts, plans, and activities.

Technology is rapidly evolving, and if we do not continue to develop and improve our offerings and technology platforms, in response to these changes, our business could suffer.

Since the introduction of our online subscription services, our dependence on the use of sophisticated technologies and information systems, particularly including technologies and information systems provided by third parties, has increased. Moreover, our technology platforms may require us to continue cash investments (including business acquisitions) to expand existing offerings, improve the client experience, and develop complementary offerings. Our future success depends in part on our ability to adapt our services and infrastructure while maintaining and continuing to improve the performance, features, security, and reliability of our services in response to the evolving demands of the marketplace. Failure to adapt and improve these areas could have an adverse effect on our business, including our results of operations, financial position, and cash flows.

Interruptions or failures in our technology platforms or those of critical third-party service providers could disrupt our operations and adversely affect our business.

Our subscription-based offerings depend on the availability, performance, security, and reliability of our technology platforms and related infrastructure. We also rely on third parties for cloud hosting, data storage and processing, telecommunications, software, artificial intelligence technologies, cybersecurity services, and other important functions. Our systems or those of our service providers could experience outages, delays, security incidents, data loss, capacity constraints, software defects, human error, natural disasters, or other disruptions. Third-party providers may also discontinue services, increase prices, change contractual terms, or fail to meet our operational, security, or compliance requirements.

As we expand our offerings and introduce new features and technologies, maintaining reliable and scalable platforms may become more complex and costly. We may be unable to prevent or promptly resolve disruptions, and replacing a critical provider or migrating systems and data to an alternative provider could be costly and time-consuming. Any interruption or failure could reduce the availability or performance of our offerings, result in the loss or corruption of data, prevent us from meeting contractual obligations or service levels, subject us to claims, and damage our reputation. These consequences could reduce client engagement, renewals, and new sales, increase our costs, and adversely affect our business, financial condition, and results of operations.

Our use of AI technologies may not be successful and may present business, compliance, and reputational risks.

We are working to integrate AI technologies in our offerings and processes. If we fail to keep pace with rapidly evolving AI technological developments, our competitive position and business results may be negatively impacted. Our use of AI technologies will require resources to develop, test, and maintain such products, which could be costly. Third parties may be able to use AI to create technology that could reduce demand for our products. In addition, the introduction of AI technologies, particularly generative AI, into new or existing offerings may result in new or expanded risks and liabilities, due to enhanced governmental or regulatory scrutiny, litigation, compliance issues, ethical concerns, confidentiality, data privacy or security risks, as well as other factors that could adversely affect our business, reputation, and financial results. For example, the use of AI technologies could lead to unintended consequences, such as accuracy issues, cybersecurity risks, unintended biases, and discriminatory outputs, which could impact our ability to protect our data, intellectual property, and client information, or could expose us to intellectual property infringement claims.

Public Company Risks

We may fail to meet analyst expectations, which could cause the price of our stock to decline.

Our common stock is publicly traded on the NYSE, and at any given time various securities analysts follow our financial results and issue reports on us. These periodic reports include information about our historical financial results as well as the analysts' estimates of our future performance. The analysts' estimates are based on their own opinions and are often different from our estimates or expectations. The price of our common stock could, however, decline if an analyst downgrades our common stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business. If analysts do not continue to follow us or if our operating results are below the estimates or expectations of public market analysts and investors, our stock price could decline. If our stock price is volatile, we may become involved in securities litigation following a decline in price. Any litigation could result in substantial costs and a diversion of management's attention and resources that are needed to successfully run our business.

Our business performance may not be sufficient for us to meet the financial guidance that we provide publicly.

We may provide financial guidance to the public based upon expectations regarding our financial performance. Such financial guidance is based on assumptions that may not always prove to be accurate and may vary from actual results. If we fail to meet the financial guidance that we provide, or if we find it necessary to revise such guidance during the year, the market value of our common stock could be adversely affected.

Our future quarterly operating results are subject to factors that can cause fluctuations in our stock price.

Historically, our stock price has experienced significant volatility. We expect that our stock price may continue to experience volatility in the future due to a variety of potential factors that may include the following:

- Fluctuations in our quarterly results of operations and cash flows
- Overall market volatility
- Variations between our actual financial results and market expectations
- Changes in key balances, such as cash and deferred revenues
- Currency exchange rate fluctuations
- Unexpected asset impairment charges

These factors, among others, may have an adverse effect upon our stock price in the future.

Liquidity and Capital Resource Risks

We may need additional capital in the future, and this capital may not be available to us on favorable terms or at all.

We may need to raise additional funds through public or private debt offerings or equity financing in order to:

- Develop new services, programs, or offerings
- Take advantage of opportunities, including business acquisitions
- Respond to competitive pressures

Going forward, we will continue to incur costs necessary for the day-to-day operation and potential growth of the business and may use our available revolving line of credit facility and other financing alternatives, if necessary, for these expenditures. We obtained a credit agreement in March 2023 (the 2023 Credit Agreement) that expires in March 2028. We expect to regularly renew or amend our lending agreement in the future to maintain the availability of this credit facility. Additional potential sources of liquidity available to us include factoring receivables, issuance of additional equity, or issuance of debt from public or private sources. If necessary, we will evaluate all of these options and select one or more of them depending on overall capital needs and the associated cost of capital.

Any additional capital raised through the sale of equity could dilute current shareholders' ownership percentage in us. Furthermore, we may be unable to obtain the necessary capital on terms or conditions that are favorable to us, or at all.

Failure to comply with the terms and conditions of our credit facility may have an adverse effect upon our business and operations.

Our 2023 Credit Agreement requires us to comply with customary non-financial terms and conditions as well as specified financial ratios. Failure to comply with these terms and conditions or maintain adequate financial performance to comply with specific financial ratios entitles the lender to certain remedies, including the right to immediately call due any amounts owed on the credit agreement. Such events would have an adverse effect upon our business and operations as there can be no assurance that we may be able to obtain other forms of financing or raise additional capital on terms that would be acceptable to us.

We may not be able to generate sufficient cash to service our indebtedness, and we may be forced to take other actions to satisfy our payment obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance any indebtedness depends on our future performance, including the performance of our subsidiaries, which will be affected by financial, business and economic conditions, competition, and other factors. We are unable to control many of these factors, such as the general economy, economic conditions in the industries in which we operate, and competitive pressures. Our cash flows may be insufficient to allow us to meet our financial obligations. If our cash flows and capital resources are insufficient to fund debt service or other obligations, then we may be forced to reduce or delay investments and capital expenditures or to sell assets, seek additional capital, or restructure or refinance any indebtedness. In addition, the terms of existing or future debt

agreements, including our 2023 Credit Agreement and subsequent modifications, may restrict us from pursuing any of these alternatives.

In the event that we need to refinance all or a portion of any outstanding indebtedness before maturity or as it matures, we may not be able to obtain terms as favorable as the terms of our existing indebtedness or refinance our existing indebtedness at all. If interest rates or other factors existing at the time of refinancing result in higher interest rates upon refinancing, then we will incur higher interest expense. Furthermore, if any rating agency changes our credit rating or outlook, our debt and equity securities could be negatively affected, which could adversely affect our financial condition and financial results.

General Business Risks

Adverse resolution of litigation may harm our operating results or financial condition.

We are subject to various legal proceedings and claims in the ordinary course of business domestically and internationally. Any litigation can be costly, lengthy, and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. An unfavorable resolution of lawsuits could materially harm our business, operating results, or financial condition.

For example, on December 20, 2024, our previous headquarters office landlord filed a lawsuit alleging breach of lease for failure to perform certain equipment repairs and replacements. While we believe that the premises and associated equipment were in sound operating condition, and that no such repairs were warranted or needed and we intend to respond to all claims vigorously, we cannot predict with certainty the outcome of current or future legal proceedings. The outcome of legal proceedings, whether or not meritorious, is inherently uncertain. Defending against claims requires significant management attention and financial resources. We may incur costs through defense expenses, settlements, or adverse judgments. These proceedings could materially harm our business operations, financial results and condition, management focus and resources, and reputation and brand value. The costs and distractions of litigation, particularly if claims increase in scope or number, could materially impact our business success and shareholder value.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition, and operations.

The global credit and financial markets have from time to time experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability. The financial markets and the global economy may also be adversely affected by various factors, including the current or anticipated impact of military conflict, including the conflict between the United States and Iran, terrorism, other geopolitical events, such as war, natural or environmental disasters, international economic instability, public health emergencies, market uncertainty, debt crises and downgrades, embargoes, tariffs, sanctions and other trade barriers, and other governmental trade or market control programs. Sanctions imposed by the United States and other countries in response to such conflicts may also adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. There can be no assurance that a deterioration in markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment, long-term government shutdown, or continued unpredictable and unstable market conditions.

Our results of operations may be adversely impacted by the costs of persistent and rising inflation if we are unable to pass these costs on to our clients.

In recent years, inflation has increased significantly in the United States and in many of the countries where we conduct business. Inflation increases the cost of many aspects of our business, including the cost of our products and materials sold, benefit costs, travel expenses, and associate salaries since we must increase our compensation to retain key personnel. If we are unable to increase our prices to sufficiently offset the increased costs of doing business, our results of operations and profitability may be adversely impacted.

Our global operations pose complex management, foreign currency, legal, tax, and economic risks, which we may not adequately address.

During fiscal 2026, we continued to operate directly owned offices that serve clients in Austria, Australia, China, France, Germany, Ireland, Japan, New Zealand, Switzerland, and the United Kingdom. We also have licensed operations in numerous other foreign countries. As a result of these foreign operations and their impact upon our financial statements, we are subject to a number of risks, including, but not limited to:

- Restrictions on the movement of cash
- The absence in some jurisdictions of effective laws to protect our intellectual property rights
- Political instability
- Compliance with extensive and evolving laws and regulations that are often ambiguous or inconsistently enforced
- Currency exchange rate fluctuations

These and other related risks could adversely affect our ability to access sources of liquidity, increase costs related to regulatory compliance, and adversely affect our results of operations.

Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, and violation of these regulations could harm our business.

Because we provide services to clients in many countries, we are subject to numerous, and sometimes conflicting, regulations on matters as diverse as import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, government affairs, internal and disclosure control obligations, data privacy, and labor relations. Violations of these regulations in the conduct of our business could result in fines, criminal sanctions against us or our officers, prohibitions on doing business, and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our clients also could result in liability for monetary damages, fines, unfavorable publicity, and allegations by our clients that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws may be insufficient to protect our rights.

In many parts of the world, including countries in which we operate, practices in the local business community might not conform to international business standards and could violate anticorruption regulations, including the United States Foreign Corrupt Practices Act, which prohibits giving anything of value intended to influence the awarding of government contracts. Although we have policies and procedures to ensure legal and regulatory compliance, our employees, licensee operators, and agents could take actions that violate these requirements. Violations of these regulations could subject us to criminal or civil enforcement actions, including fines and suspension or disqualification from United States federal procurement contracting, any of which could have an adverse effect on our business.

We do business in China, which exposes us to risks inherent in doing business in that country.

Doing business in China exposes us to political, legal, and economic risks. In particular, the political, legal, and economic climate in China, both nationally and regionally, is fluid and unpredictable. Our ability to operate in China may be adversely affected by changes in U.S. and Chinese laws and regulations such as those related to, among other things, taxation, import and export tariffs, intellectual property, currency controls, network security, employee benefits, and other matters. In addition, the third parties with whom we contract may not obtain or retain the requisite legal permits to continue to operate in China, and costs or operational limitations may be imposed in connection with obtaining and complying with such permits. Moreover, the Chinese government may impose additional regulations regarding our business. The government may regulate or apply a substantially different set of requirements to our business than anticipated, in which case we may need to invest a significant amount of resources and time before we do business in the country. Any of these events may materially and adversely affect our business, financial condition, and results of operations. In addition, Chinese trade regulations are in a state of flux, and we may become subject to other forms of taxation, tariffs, and duties in China. Furthermore, third parties that we rely on in China may disclose our confidential information or intellectual property to competitors or third parties, which could result in the illegal distribution and sale of

counterfeit versions of our products. If any of these events occur, our business, financial condition, and results of operations could be materially and adversely affected.

Our use of accounting estimates involves judgment and could impact our financial results.

Our most critical accounting estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations found in Item 7 of this report under the section entitled, *Use of Estimates and Critical Accounting Policies*. In addition, as discussed in various footnotes to our financial statements as found in Item 8, we make certain estimates for loss contingencies, including decisions related to legal proceedings and reserves. Because, by definition, these estimates and assumptions involve the use of judgment, our actual financial results may differ from these estimates. If our estimates or assumptions underlying such contingencies and reserves prove incorrect, we may be required to record additional adjustments or losses relating to such matters, which would negatively affect our financial results.

Ineffective internal controls could impact our business and operating results.

Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results may be harmed and we could fail to meet our financial reporting obligations.

Extreme weather conditions and natural disasters could negatively impact our operating results and financial condition.

Extreme weather conditions in the areas in which our suppliers, customers, distribution facilities, offices, and headquarters are located could adversely affect our operating results and financial condition. Moreover, natural disasters such as earthquakes, hurricanes, wildfires, and tsunamis, whether occurring in the United States or abroad, and their related consequences and effects, including energy shortages and public health issues, have in the past temporarily disrupted, and could in the future disrupt, our operations, the operations of our customers, vendors, and suppliers or have in the past resulted in, and in the future could result in, economic instability that may negatively impact our operating results and financial condition. In particular, if a natural disaster or severe weather event were to occur in an area in which we or our suppliers, customers, distribution facilities, and vendors are located, our continued success would depend, in part, on the safety and availability of the relevant personnel and facilities and proper functioning of our or third parties' computer, network, telecommunication, and other systems and operations. If we were to experience a local or regional disaster or other business continuity event or concurrent events, then we could experience operational challenges, in particular depending upon how a local or regional event may affect our human capital across our operations or with regard to particular aspects of our operations, such as key executive officers or personnel. Further, if we are unable to find alternative suppliers, replace capacity at key distribution locations, or quickly repair damage to our information technology systems, our ability to serve our customers could be adversely affected. These events could result in reputational damage, lost sales, cancellation charges, or markdowns, all of which could have an adverse effect on our business, results of operations, and financial condition.

The impacts of climate change and related regulatory responses could adversely affect our business.

Sustainability and protecting our natural environment are significant priorities at Franklin Covey and we strive to implement practices and policies that support this concern. We recognize that there are inherent climate-related risks wherever business is conducted; however, we cannot predict the long-term impacts on us from climate change or related regulatory responses. We expect to face increasing regulations relating to climate change, including, for example, disclosure of the impacts of climate change on our business. A failure to uphold or make strides toward achieving publicly stated climate goals may harm the Company's reputation with customers, suppliers, and employees. This increased scrutiny will likely require us to expend significant resources and could adversely affect our results of operations and financial condition. Additionally, we expect that the complexity of compliance with climate disclosure regulations will increase as various countries take different approaches to such regulation. We will continue to monitor the impacts of these issues on our business and consider responsive action as needed.

Further, climate change may increase both the frequency and severity of extreme weather conditions and natural disasters, which may affect our business operations, either in a particular region or globally, as well as the activities of our vendors, suppliers, and customers. For example, the delivery of our services is dependent on reliable and relatively inexpensive electricity. If electricity is not readily available or affordable, we may not be able to deliver our products and services and therefore our operating results may be adversely impacted. In addition, the physical changes prompted by climate change could result in changes in regulations or consumer preferences, which could in turn affect our business, operating results, and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity risk management is a key component of our overall risk management efforts at Franklin Covey. We have cybersecurity processes, technologies, and controls in place to assist in our efforts to assess, identify, and manage material risks from cybersecurity threats that may impact the confidentiality, integrity, and availability of our information systems, networks, and offerings. Cybersecurity risk is addressed at both management and Board of Director levels as described below.

Management's Role in Assessing Cybersecurity Risk and Directing Strategy

At the management level, primary responsibility for assessing and managing cybersecurity threats and material risks rests with our Chief Information Officer (CIO), who reports directly to our Chief Financial Officer (CFO). Our CIO has over two decades of experience in information technology and cybersecurity and is a Certified Information Systems Security Professional (CISSP). The CIO leads a team of five other information system professionals, three of whom also have CISSP credentials. Our CIO and cybersecurity team are responsible for understanding, managing, and communicating cybersecurity risk to our management and works with our legal department to oversee compliance with various legal, regulatory, and contractual cybersecurity requirements.

Our cybersecurity program is aligned with the National Institute of Standards and Technology (NIST) 800 Cybersecurity Framework and uses a layered strategy, relying on technology and human processes to safeguard our systems and client data. Our cybersecurity strategy utilizes numerous layers of security controls, processes, and procedures across our information systems and networks, including but not limited to, multi-factor authentication, identity access management, endpoint security, mobile security, application security, network security, web security, and encryption. We also use systems and processes designed to reduce the impact of a security incident at a third-party vendor or customer. Additionally, we use processes to oversee and identify material risks from cybersecurity threats associated with our use of third-party technology and systems, including technology and systems we use for encryption and authentication; employee email; content delivery to customers; back-office support and operations; and other functions. The Company provides ongoing mandatory cybersecurity training for associates that is intended to help them understand cybersecurity risks and comply with our cybersecurity policies.

We engage third party professionals to assess our cybersecurity program and to perform audits of portions of our cybersecurity control environment based on risk or where necessary to ensure regulatory compliance. In addition, our internal audit function regularly meets with the cybersecurity team and periodically tests the control framework and operation of our cybersecurity incident response plan. The results of these tests are presented directly to the Audit Committee of the Board of Directors.

The cybersecurity team meets frequently to monitor the prevention, detection, mitigation, and remediation of cybersecurity threats and incidents. In the event of a cybersecurity incident, we have developed an incident response plan which is designed to "respond, restore, and resume" operation of our information systems and platforms. Our incident response plan also governs our immediate response to attacks, including detection, notification, escalation, assessment, and remediation efforts. The cybersecurity team routinely tests the incident response plan across the organization to validate the procedures for appropriately assessing and escalating risks and incidents. Our cybersecurity team may also coordinate its incident response efforts with external advisors and key stakeholders if necessary.

Board of Directors Oversight

The Audit Committee of the Board of Directors has the primary responsibility for cybersecurity risk oversight, including risk priorities, resource allocation, and oversight structures. The Audit Committee and Board of Directors receive regular reports from the CIO on a variety of topics including cybersecurity strategy, the threat landscape, recent developments and trends, and key initiatives. Our incident response plan includes documented protocols which govern established reporting thresholds for escalating cybersecurity incidents within the Company and where appropriate, to the Audit Committee or full Board of Directors.

Cybersecurity Risks, Threats, and Incidents

While we have not experienced any material cybersecurity incidents, there can be no guarantee that we, or any third parties with which we interact, will not be the subject of future successful attacks, threats, or incidents. We rely significantly on information technology for the operation of our business, including our All Access Pass and *Leader in Me* portals. For more information on cybersecurity risks we face, refer to Part I, Item 1A *Risk Factors* under the section entitled *Cybersecurity and Information Technology Risks*, which should be read in conjunction with the information presented in this Item 1C.

ITEM 2. PROPERTIES

Our principal executive office is located in Draper, Utah. The executive office occupies approximately 26,000 square feet of leased space that is accounted for as an operating lease. The lease on the headquarters expires in March 2036 and includes two five-year renewal options that may be exercised at our discretion. This facility accommodates our executive team and corporate administration, as well as other professionals and is utilized by personnel in both our Enterprise and Education Divisions. We also occupy leased sales and administrative offices in various countries around the world, which are accounted for as operating leases:

Banbury, England
Tokyo, Japan
China: Beijing and Shanghai

We consider our existing facilities to be in good condition and suitable for our current and expected level of operations in the upcoming fiscal year and in future periods.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are the subject of certain legal actions, which we consider routine to our business activities. Information regarding material legal proceedings can be found in Note 9, *Commitments and Contingencies*, of the Notes to the Consolidated Financial Statements, included in Item 8 of this report and is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock is listed and traded on the NYSE under the symbol "FC."

We did not pay or declare dividends on our common stock during the fiscal years ended August 31, 2026 or 2025. Any determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent upon our results of operations, financial condition, terms of our financing arrangements, and such other factors as the Board of Directors deems relevant. We currently anticipate that we will retain all available funds to finance future growth and business opportunities, pay our liabilities, and to repurchase outstanding shares of our common stock.

As of October 31, 2026, we had 11,335,471 shares of common stock outstanding, which were held by 425 shareholders of record. A number of our shareholders hold their shares in street name; therefore, we believe that there are substantially more beneficial owners of our common stock.

Purchases of Common Stock

The following table summarizes our purchases of common stock during quarter ended August 31, 2026:

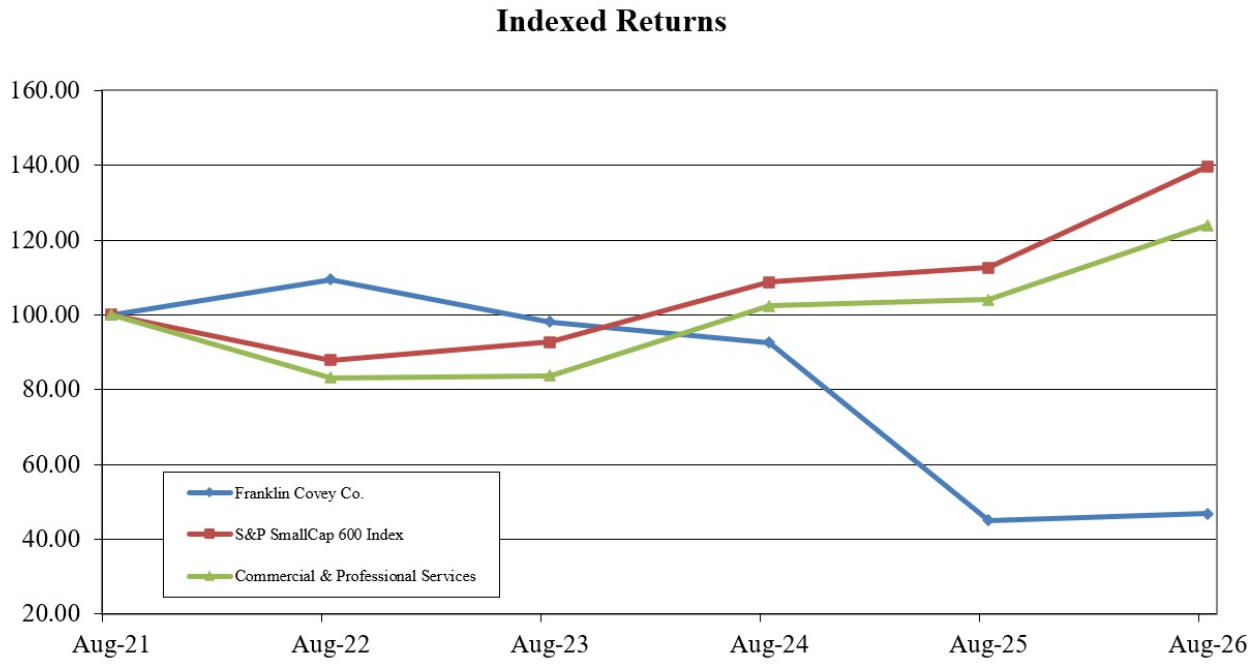
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs[(1)] (in thousands)
June 1, 2026 to June 30, 2026	-	$ -	-	$ 19,720
July 1, 2026 to July 31, 2026	-	-	-	19,720
August 1, 2026 to August 31, 2026	-	-	-	19,720
Total Common Shares	-	$ -	-	

(1) On April 18, 2024, our Board of Directors approved a plan to purchase up to $50.0 million of our outstanding common stock. On August 11, 2025, the Board of Directors approved a replenishment of the plan to purchase up to $50.0 million of common stock. During the quarter ended August 31, 2026, we acquired 1,484 shares of our common stock from shares withheld for income taxes on stock-based compensation awards at an average price of $21.14 per share which are excluded from the above table.

The actual timing, number, and value of common shares purchased under our board-approved purchase plan will be determined at our discretion and will depend on a number of factors, including, among others, general market and business conditions, the trading price of common shares, and applicable legal requirements. We have no obligation to purchase any common shares under the authorization, and the purchase plan may be suspended, discontinued, or modified at any time for any reason.

Performance Graph

The following graph demonstrates a five-year comparison of cumulative total returns for Franklin Covey Co. common stock, the S&P SmallCap 600 Index, and the S&P 600 Commercial & Professional Services Index. The graph assumes an investment of $100 on August 31, 2021 in each of our common stock, the stocks comprising the S&P SmallCap 600 Index, and the stocks comprising the S&P 600 Commercial & Professional Services Index. Each of the indices assumes that all dividends were reinvested.



The stock performance shown on the performance graph above is not necessarily indicative of future performance. The Company will not make or endorse any predictions as to our future stock performance.

The performance graph above is being furnished solely to accompany this Annual Report on Form 10-K pursuant to Item 201(e) of Regulation S-K, and is not being filed for purposes of Section 18 of the Exchange Act, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

ITEM 6.

Reserved.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion and Analysis) is intended to provide a summary of the principal factors affecting the results of operations, liquidity and capital resources, and the critical accounting estimates of Franklin Covey Co. (also referred to as we, us, our, the Company, FranklinCovey, and Franklin Covey) and subsidiaries. This discussion and analysis should be read together with the accompanying consolidated financial statements and related notes contained in Item 8 and the risk factors discussed in Item 1A of this Annual Report on Form 10-K. Forward-looking statements in this discussion are qualified by the cautionary statement under the heading "Safe Harbor Statement Under the Private Securities Litigation Reform Act Of 1995" contained later in Item 7 of this Annual Report on Form 10-K.

Non-GAAP Measures

This Management's Discussion and Analysis includes the concepts of adjusted earnings before interest, income taxes, depreciation, and amortization (Adjusted EBITDA) and "constant currency," which are non-GAAP measures. We define Adjusted EBITDA as net income excluding the impact of interest, income taxes, definite-lived intangible asset amortization, depreciation, stock-based compensation expense, and certain other items such as restructuring charges and building exit costs. 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.

We reference these non-GAAP financial measures in our decision making because they provide supplemental information that facilitates consistent internal comparisons to the historical operating performance of prior periods, and we believe it provides investors with greater transparency to evaluate operational activities and financial results. For a reconciliation of our segment Adjusted EBITDA to income before income taxes, a related GAAP measure, refer to Note 17 *Segment Information* to our consolidated financial statements as presented in Item 8 of this Annual Report on Form 10-K.

EXECUTIVE SUMMARY

General Overview

Franklin Covey Co. is a global company focused on individual and organizational performance improvement. Our mission is to "enable greatness in people and organizations everywhere," and our worldwide resources are organized to help individuals and organizations achieve sustained superior performance at scale through changes in human behavior. We believe that our content and services create the connection between capabilities and results. In the training and consulting marketplace, we believe there are three important characteristics that distinguish us from our competitors.

1. ***World Class Content*** – Our content is based on timeless principles of human effectiveness and is designed to help people change both their mindset and behavior. When our content is applied consistently in an organization, we believe the culture of that organization will change and improve to enable the organization to get desired results and achieve its own great purposes.
2. ***Breadth and Scalability of Delivery Options*** – We have a wide range of content delivery options, including: the All Access Pass and *Leader in Me* membership subscriptions, coaching and consulting, organization-wide transformational processes, intellectual property licenses, digital online learning, on-site training, training led through certified facilitators, and blended learning. We believe our expert delivery consultants combined with investments in digital delivery modalities have enabled us to deliver our content to clients in a high-quality learning environment whether those clients are working remotely or in a centralized location.
3. ***Global Capability*** – As of August 31, 2026, we had sales professionals in the United States and Canada who serve clients in the private sector, in government, and in educational institutions; wholly owned subsidiaries that serve clients in Australia, Austria, China, France, Germany, Ireland, Japan, New Zealand, Switzerland, and the United Kingdom; and we contract with independent licensee partners who deliver our content and provide services in approximately 150 countries and territories around the world. Our capabilities allow us to serve a wide range of clients from small locally owned entities to large multinational enterprises.

We have some of the best-known offerings in the training industry, including a suite of individual-effectiveness and leadership-development training content based on the best-selling books, *The 7 Habits of Highly Effective People*, *The Speed of Trust*, *Multipliers*, *The 4 Disciplines of Execution*, and *Trust & Inspire*, and proprietary content in the areas of Execution, Sales Performance, Productivity, Customer Loyalty, Leadership, and Education. We believe that our offerings help individuals, teams, and entire organizations transform their results through achieving systematic, sustainable, and measurable changes in human behavior. Our offerings are described in further detail at www.franklincovey.com. The information contained in, or that can be accessed through, our website does not constitute a part of this Annual Report on Form 10-K, and the descriptions found therein should not be viewed as a warranty or guarantee of results.

Our fiscal year ends on August 31, and unless otherwise indicated, fiscal 2026, fiscal 2025, and fiscal 2024 refer to the twelve-month periods ended August 31, 2026, 2025, 2024 and so forth.

Key Strategic Objectives

The theme of our fiscal 2027 Company kickoff was, "We Give Strategy the Human Edge," which also anchors our new brand messaging and reflects our belief that the need for what FranklinCovey does has never been greater.

Organizations are navigating rapid change, including the accelerating adoption of AI, and their leaders are under increasing pressure to deliver results. In this environment, we believe people remain at the center of organizational performance: strategies succeed when leaders and teams have the capabilities to execute them and the alignment to act together. In our view, these capabilities and this collective action are the hallmarks of highly successful organizations, and they are what our solutions are designed to build. As AI makes information more abundant, we believe clients increasingly value partners who can develop highly capable leaders at all levels of their organization, build high trust cultures, and translate strategy into measurable results, which positions FranklinCovey to be an even more relevant partner to the organizations we serve.

To meet this growing need, we have also strengthened our organization to support growth and scale. During fiscal 2026, our Enterprise North America team executed successfully within the new sales model we introduced, which contributed to 4% growth in invoiced amounts compared with fiscal 2025. We also appointed new leadership in several international regions and began moving key functions to a shared services model that allows us to invest more in serving clients. At the beginning of fiscal 2027, we unified our product functions under a company-wide Chief Product Officer and appointed new leadership for our Education Division.

Building on this progress, we plan to focus on the following five strategic objectives which we intend to execute with discipline in fiscal 2027 to support of our vision of helping clients achieve their own missions and objectives.

- ***Lead as the performance partner for an AI-enabled world.*** We believe sustained behavior change and measurable performance improvement require proven frameworks, enabling technology, and skilled people working together, and that this combination is difficult for AI tools alone to replicate. In fiscal 2027, we intend to further differentiate FranklinCovey by giving our clients' strategies the human edge: combining our trusted content, the expertise of our consultants and coaches, and technology, including AI capabilities currently available or in development such as our AI-assisted coaching and practice tools within the All Access Pass, which we began piloting in fiscal 2026, to deliver outcomes that content or technology alone cannot.
- ***Accelerate growth in our Enterprise business.*** We intend to build on the momentum of our new sales model by expanding our capacity to win new clients, including through additional sales and business development professionals, more targeted demand-generation and marketing efforts, and a sharper focus on the senior executives who own strategic outcomes. In fiscal 2027 we will begin expanding these new sales model efforts to our International operations. We also plan to grow subscription renewals and expansions by deepening engagement with existing clients and more consistently measuring and communicating the impact of our solutions.
- ***Strengthen and expand our Education business.*** We believe *Leader in Me* is a leading whole-school transformation solution, currently used in more than 8,000 schools around the world, with significant opportunity for continued growth. Under our new Education Division leadership, we intend to sharpen our sales execution,

expand our reach into new schools and districts, increase renewals among existing partner schools, and continue to enhance the *Leader in Me* experience with technology and data that help educators demonstrate improved student and school outcomes.

- ***Innovate and integrate our solutions.*** Under our newly unified, Company-wide product organization, we intend to accelerate innovation across our offerings, combining our world-class content, technology, and consulting services to help leaders generate behavior change and the collective action of their people to achieve their most important objectives. We are incorporating AI capabilities and proprietary data into our solutions to make them even more personalized and scalable and their impact even more measurable.
- ***Operate as "one" FranklinCovey and model what we teach.*** In fiscal 2027, we intend to complete our transition to a shared services model, improve efficiency, increase collaboration across divisions and geographies, and redeploy resources to our highest-return growth opportunities, while continuing to model our own methodologies to execute with high trust, accountability, and focus.

We believe the pursuit of these strategic priorities will enable us to make more progress toward our mission of enabling greatness in both people and organizations and to further our efforts to establish FranklinCovey as the category leader in Leadership and Organizational Performance. In addition, we believe that successful implementation of these objectives will provide our associates with additional resources and opportunities for growth and impact in the future and will drive results that are expected to provide a return to our shareholders.

There can be no assurance that we will achieve these objectives. The statements above are forward-looking statements and are subject to the risks and uncertainties described under "Forward-Looking Statements" and in Item 1A, *Risk Factors*, of this Annual Report on Form 10-K.

Other key factors that influence our operating results include: the number of organizations that are active customers; the scale and duration of our engagements with them; the number of people engaged in our solution implementations within those organizations; the continuation or renewal of existing services contracts, especially subscription renewals; the availability of budgeted spending in our solution areas among our clients and prospective clients, which, in certain content categories, can be significantly influenced by general economic conditions; client satisfaction with our offerings and services; the number and productivity of our international licensee operations; and our ability to manage operating costs necessary to develop and provide meaningful offerings and related products to our clients.

Fiscal 2026 Financial Overview

Fiscal 2026 was a year of execution as we continued to build on the go-to-market and sales strategy implemented in North America during fiscal 2025. We retained the vast majority of our client base, and during the second quarter we initiated a long-term restructuring plan to streamline and simplify our operating model and better align our resources with the growth areas of our business. As we enter fiscal 2027, we remain focused on executing our go-to-market strategy, completing our restructuring plan, and continuing to invest in content and technology to foster additional revenue opportunities. We believe the investments we have made in our people, solutions, and go-to-market strategy have gained traction and produced measurable progress that will position us for growth in fiscal 2027.

Our consolidated revenue for the fiscal year ended August 31, 2026, totaled $261.5 million, compared with revenues of $267.1 million in fiscal 2025 and reflected the impact of business conditions and macroeconomic challenges previously described. In constant currency, our consolidated revenue was $260.4 million for fiscal 2026. The Company's revenue performance during fiscal 2026 included the following key metrics:

- Enterprise Division revenue in fiscal 2026 totaled $182.7 million compared with $188.1 million in the prior year. Enterprise Division revenue performance was primarily impacted by a $5.0 million decrease in the North America segment revenues and approximately $0.4 million decrease in International revenues, which were each adversely impacted by a lower base of deferred revenue reflecting the reduction in invoicing during fiscal 2025.
- For the fiscal year ended August 31, 2026, Education Division revenue increased to $76.2 million compared with $74.6 million in the prior year. Fiscal 2026 revenue growth was primarily attributable to increased subscription revenue, which was partially offset by decreased sales of classroom and training materials from state-wide

initiatives and district contracts. Delivery of training and coaching days remained strong during fiscal 2026 as the Education Division delivered nearly 900 more days when compared with fiscal 2025. Education subscription revenues in fiscal 2026 increased 10% compared with the prior year.

- For the fiscal year ended August 31, 2026, subscription and contractually committed services revenue invoiced was $165.1 million compared with $151.7 million in the prior year.
- As of August 31, 2026, 59% of our North America AAP contracts are for at least two years, compared with 57% at August 31, 2025, and the percentage of contracted amounts represented by multi-year contracts remained consistent at 60%.
- At August 31, 2026, we had $116.1 million of deferred revenue compared with $111.7 million at August 31, 2025. Our deferred revenue at August 31, 2026 and 2025 includes $3.5 million and $5.1 million, respectively, of deferred revenue that was classified as long-term based on expected recognition. Our unbilled deferred revenue at August 31, 2026 was $67.3 million compared with $72.8 million at the end of fiscal 2025. Unbilled deferred revenue represents business that is contracted, but unbilled and therefore excluded from our balance sheet.

The following table sets forth our consolidated revenue by division and by reportable segment for the fiscal years indicated (in thousands):

YEAR ENDED AUGUST 31,	2026	% Change	2025	% Change	2024
Enterprise Division:					
North America	$ 142,590	(3)	$ 147,609	(10)	$ 163,384
International	40,078	(1)	40,455	(10)	44,763
	182,668	(3)	188,064	(10)	208,147
Education Division	76,179	2	74,618	1	74,210
Corporate and other	2,608	(41)	4,385	(10)	4,876
Consolidated revenue	$ 261,455	(2)	$ 267,067	(7)	$ 287,233

Gross profit consists of net revenue less the cost of services provided or the cost of goods sold. Our cost of revenue includes the direct costs of delivering content onsite at client locations, including presenter costs; content royalties; materials used in the production of training products and related assessments; amortization of previously capitalized curriculum development costs; and freight. Gross profit may be affected by, among other things, the mix of services sold to clients, prices of materials, travel, labor rates, changes in product discount levels, and freight costs. Our consolidated cost of revenue in fiscal 2026 totaled $65.4 million compared with $63.5 million in the prior year. Consolidated gross profit for the fiscal year ended August 31, 2026 was $196.0 million compared with $203.6 million in fiscal 2025 and decreased primarily due to lower revenue as described above. Our gross margin for fiscal 2026 decreased to 75.0% compared with 76.2% in the prior year primarily due to changes in the mix of products sold during the year, increased delivery costs, and increased amortization of capitalized curriculum expense.

Our operating expenses for the year ended August 31, 2026 decreased $9.0 million to $188.9 million, compared with $197.9 million in the prior year. The decrease was primarily due to a $7.2 million decline in selling, general, and administrative (SG&A) expenses and a $1.9 million decrease in amortization expense. Decreased SG&A expense was primarily due to a $4.4 million decrease in associate expenses resulting from our restructuring activities during fiscal 2026 and in prior years, and cost reduction efforts in various areas of our business. We incurred $6.7 million of restructuring expenses in fiscal 2026, which was consistent with spending in the prior year. We are currently in a long-term restructuring plan and expect to incur additional restructuring costs in fiscal 2027. Our amortization expense from definite-lived intangible assets decreased primarily due to a re-evaluation of the useful lives of intangible assets generated from the merger with the Covey Leadership Center, which continue to be some of our primary revenue and cash generating assets. During fiscal 2026, we extended the lives of these intangible assets by approximately 5 years, which reduced our amortization expense when compared with the prior year.

Our effective income tax rate for fiscal 2026 was approximately 30% compared with an effective income tax rate of approximately 49% in fiscal 2025. Our effective tax rate for fiscal 2026 was higher than the statutory income tax rate primarily due to stock-based compensation for which no income tax benefit is available, state and local income taxes, and non-deductible meals and entertainment expenses, which were partially offset by decreases in the valuation allowance against the deferred income tax assets of certain foreign subsidiaries and the foreign-derived intangible income deduction. Our effective tax rate for fiscal 2025 was higher than the statutory tax rate primarily due to an increase in the valuation

allowance against our deferred income tax assets in some foreign jurisdictions and non-deductible executive compensation, which were partially offset by the tax differential on foreign income.

Net income for the year ended August 31, 2026 was $4.9 million, or $0.42 per diluted share, compared with $3.1 million, or $0.24 per diluted share, in fiscal 2025. Our Adjusted EBITDA in fiscal 2026 increased slightly to $28.9 million compared with $28.8 million in the prior year, reflecting the above-noted factors. In constant currency, our fiscal 2026 Adjusted EBITDA was $28.6 million. Adjusted EBITDA and constant currency are non-GAAP financial measures. For additional information regarding our use of non-GAAP financial measures, see the discussion under the heading *Non-GAAP Measures* above.

Further details regarding these items can be found in the comparative analysis of fiscal 2026 with fiscal 2025 as discussed within this Management's Discussion and Analysis.

Our liquidity, financial position, and capital resources remained strong throughout fiscal 2026. At August 31, 2026, we had $13.3 million of cash, with no borrowings on our $62.5 million revolving credit facility, even after spending $28.1 million on purchases of our common stock and $12.4 million on capital assets during fiscal 2026. At August 31, 2025 we had $31.7 million of cash, and no borrowings on our revolving credit facility. For further information regarding our liquidity and cash flows, refer to the Liquidity and Capital Resources discussion found within this Management's Discussion and Analysis.

For a discussion of the results of operations and changes in financial condition for fiscal 2025 compared with fiscal 2024, refer to Part II, Item 7 *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our fiscal 2025 Form 10-K, which was filed with the SEC on November 12, 2025.

Results of Operations

The following table sets forth, for the fiscal years indicated, the percentage of total sales represented by the line items through income before income taxes in our consolidated income statements. This table should be read in conjunction with the accompanying discussion and analysis, the consolidated financial statements, and the related notes to the consolidated financial statements.

YEAR ENDED AUGUST 31,	2026	2025	2024
Amounts shown as a percent of total revenue			
Revenue	100.0	100.0	100.0
Cost of revenue	25.0	23.8	23.0
Gross profit	75.0	76.2	77.0
Selling, general, and administrative	66.3	67.6	61.3
Restructuring costs	2.6	2.5	1.0
Building exit costs	0.5	0.8	-
Loss on assets held for sale	0.1	-	-
Impaired asset	-	-	0.3
Depreciation	1.8	1.5	1.4
Amortization	1.0	1.6	1.5
Total operating expenses	72.3	74.0	65.5
Income from operations	2.7	2.2	11.5
Interest income	0.1	0.3	0.4
Interest expense	(0.1)	(0.2)	(0.4)
Income before income taxes	2.7	2.3	11.5

FISCAL 2026 COMPARED WITH FISCAL 2025 RESULTS OF OPERATIONS

Enterprise Division

North America Segment

The North America segment includes our personnel that serve clients in the United States and Canada. The following comparative information is for our North America segment in the periods indicated (in thousands):

	Fiscal Year Ended August 31, 2026	% of Sales	Fiscal Year Ended August 31, 2025	% of Sales	Change
Revenue	$ 142,590	100.0	$ 147,609	100.0	$ (5,019)
Cost of revenue	27,006	18.9	25,008	16.9	1,998
Gross profit	115,584	81.1	122,601	83.1	(7,017)
SG&A expenses	90,061	63.2	95,203	64.5	(5,142)
Adjusted EBITDA	$ 25,523	17.9	$ 27,398	18.6	$ (1,875)

Revenue. In fiscal 2026, our North America segment revenue was $142.6 million compared with $147.6 million in the prior year, which represents a decrease of $5.0 million, or 3%. North America segment revenue continued to be adversely impacted during fiscal 2026 by the recognition of a lower base of previously deferred revenue, reflecting the decline in invoiced amounts generated during fiscal 2025 as a result of canceled or postponed government contracting, geopolitical tensions, and other macroeconomic uncertainties. North America segment invoiced amounts grew in fiscal 2026. We were encouraged by the overall growth in the North America segment's invoiced amounts during fiscal 2026, which we believe reflects continued traction from our new go-to-market strategy and sales force restructuring. We believe the new go-to-market strategy and sales force restructuring will translate into improved revenue performance in future periods. Foreign exchange rates had a $0.1 million favorable impact on North America segment revenues and an insignificant impact on operating results during fiscal 2026.

Gross Profit. Gross profit decreased $7.0 million to $115.6 million in fiscal 2026 compared with $122.6 million in the prior fiscal year, due to both decreased revenue and lower gross margin. North America segment gross margin declined to 81.1% of revenue in fiscal 2026 compared with 83.1% in the prior year. The decrease in gross margin was primarily due to a change in the mix of products sold, increased delivery costs during the fiscal year, and increased amortization of capitalized curriculum expense.

SG&A Expense. North America SG&A expenses decreased $5.1 million, or 5% to $90.1 million in fiscal 2026 compared with $95.2 million in the prior year. The decrease was primarily due to reduced associate costs resulting from restructuring activities completed in fiscal 2026, as well as other cost reduction and efficiency initiatives implemented across the segment.

International

Our International segment consists of our directly owned international offices and our international licensees that provide our services and products in countries or regions that are not served by a directly owned office. Our directly owned international offices serve clients in Australia, Austria, China, France, Germany, Ireland, Japan, New Zealand, Switzerland, and the United Kingdom. The following comparative information is for our International segment in the periods indicated (in thousands):

	Fiscal Year Ended August 31, 2026	% of Sales	Fiscal Year Ended August 31, 2025	% of Sales	Change
Revenue	$ 40,078	100.0	$ 40,455	100.0	$ (377)
Cost of revenue	9,264	23.1	9,160	22.6	104
Gross profit	30,814	76.9	31,295	77.4	(481)
SG&A expenses	22,961	57.3	26,238	64.9	(3,277)
Adjusted EBITDA	$ 7,853	19.6	$ 5,057	12.5	$ 2,796

Revenue. In fiscal 2026, our International segment revenue decreased $0.4 million, or 1%, compared with fiscal 2025. Revenue at our China office decreased 19% as our operations in the region continued to be adversely affected by ongoing trade tensions and broader macroeconomic uncertainty. Revenue in Japan decreased by 6% primarily due to unfavorable foreign exchange rates experienced during fiscal 2026. These decreases were partially offset by increased revenue at our offices in France, Australia, and the United Kingdom. Excluding China, revenue at our directly owned offices increased 4% when compared with the prior year. Licensee revenue remained stable year over year as a decrease in royalty revenue was offset by increased revenue from services. In fiscal 2026, foreign exchange rates had a $0.8 million favorable impact on revenue and an insignificant impact on operating results.

Gross Profit. Gross profit in the International segment decreased primarily due to reduced revenue as described above. Gross margin for fiscal 2026 was 76.9% of revenue, compared with 77.4% in fiscal 2025. The decrease is primarily a result of fiscal 2026 licensee revenue including lower-margin partner services, and development costs. The factors above were partially offset by improved margins at our directly owned offices.

SG&A Expenses. International segment SG&A expenses for fiscal 2026 decreased $3.3 million when compared with fiscal 2025. The decrease was primarily due to reduced associate costs resulting from restructuring activities completed in fiscal 2026, as well as other cost reduction and efficiency initiatives enacted to offset the impact of decreased revenue.

Education Division

Our Education Division is comprised of our domestic and international Education practice operations (focused on sales to educational institutions) and includes our widely acclaimed *Leader in Me* program. The following comparative information is for our Education Division in the periods indicated (in thousands):

	Fiscal Year Ended August 31, 2026	% of Sales	Fiscal Year Ended August 31, 2025	% of Sales	Change
Revenue	$ 76,179	100.0	$ 74,618	100.0	$ 1,561
Cost of revenue	27,852	36.6	26,883	36.0	969
Gross profit	48,327	63.4	47,735	64.0	592
SG&A expenses	40,305	52.9	39,551	53.0	754
Adjusted EBITDA	$ 8,022	10.5	$ 8,184	11.0	$ (162)

Revenue. Education Division revenue for fiscal 2026 increased to $76.2 million compared with $74.6 million in fiscal 2025. Fiscal 2026 revenue growth was primarily attributable to increased subscription revenue, which was partially offset by decreased sales of classroom and training materials from state-wide initiatives, new schools, and district contracts in fiscal 2025 that did not repeat at the same level in fiscal 2026 as well as a reduction in the number of symposium events in fiscal 2026 compared with prior year. Delivery of training and coaching days remained strong during fiscal 2026 as the Education Division delivered nearly 900 more days when compared with fiscal 2025. Education Division growth during fiscal 2026 was partially impacted by changes in foreign exchange rates, which favorably impacted revenue by $0.2 million and operating results by $0.1 million. Education deferred revenue at August 31, 2026 decreased 6% from the balance at August 31, 2025. The decrease in deferred revenue was primarily due to lower invoicing from state-wide initiatives and district contracts that occurred in fiscal 2025 that did not repeat, or did not repeat at the same level, in fiscal 2026 and delivery of coaching days during the year which drew down the deferred balance. We added 596 new *Leader in Me* schools in the United States and Canada in a very challenging funding environment during fiscal 2026. At August 31, 2026 over 8,000 schools around the world were using the *Leader in Me* program.

Gross Profit. Education Division gross profit increased primarily due to increased revenue as previously described. Education segment gross margin declined slightly from 64.0% in fiscal 2025, to 63.4% in fiscal 2026. Our fiscal Education Division gross margin was adversely impacted by a change in the mix of products sold combined with increased product amortization, materials, and platform costs when compared with the prior year.

SG&A Expenses. Education SG&A expenses increased primarily due to increased associate expenses from new personnel and changes to compensation plans. SG&A expense also increased due to increased computer and office expense.

Other Operating Expense Items

Depreciation – For fiscal 2026, our depreciation expense increased to $4.6 million compared with $4.1 million in fiscal 2025. The increase in our depreciation expense during fiscal 2026 was primarily due to assets acquired in connection with our new headquarters office. We currently expect depreciation expense will total approximately $4.5 million in fiscal 2027.

Amortization – Our amortization expense from definite-lived intangible assets for the fiscal year ended August 31, 2026, decreased $1.9 million to $2.5 million compared with $4.4 million in the prior year. The decrease in our amortization expense was primarily due to the re-evaluation of the useful lives of content and license rights originally acquired in the merger with the Covey Leadership Center. These intangible assets continue to be some of our primary revenue and cash flow generating assets. Based on the re-evaluation of these intangible assets, we extended the useful lives of these assets by approximately 5 years. We currently expect definite-lived intangible asset amortization expense will total approximately $2 million during fiscal 2027.

Interest Income – Our interest income decreased $0.7 million to $0.2 million for the fiscal year ended August 31, 2026. The decrease in interest income was primarily due to decreased cash balances held by us during fiscal 2026.

Interest Expense – Our interest expense, which totaled $0.3 million in fiscal 2026, decreased $0.3 million primarily due to reduced notes payable and debt obligations in fiscal 2026 than in the prior year.

Income Taxes

Our income tax provision for fiscal 2026 totaled $2.1 million on pre-tax income of $7.1 million for an effective income tax rate of 30%, compared with income tax expense of $3.0 million on pre-tax income of $6.1 million for an effective income tax rate of 49% for the fiscal year ended August 31, 2025. Our effective income tax rate for fiscal 2026 was higher than the statutory tax rate primarily due to tax expense of $1.1 million for share-based compensation for which no income tax benefit is available, $0.3 million of state and local income taxes, net of federal effect, and $0.3 million related to non-deductible meals and entertainment expenses, which were partially offset by a $0.8 million net benefit from decreases in the valuation allowance against the deferred income tax assets of certain foreign subsidiaries and a $0.3 million benefit from the foreign-derived intangible income deduction. Our effective income tax rate for fiscal 2025 was higher than the statutory tax rate primarily due to tax expense of $1.5 million for increases to the valuation allowance against deferred tax assets in some foreign jurisdictions and $0.9 million related to non-deductible executive compensation, which were partially offset by a $0.5 million benefit in tax differential on foreign income.

On July 4, 2025, the One Big Beautiful Bill Act was enacted, introducing significant amendments to U.S. tax law with varying effective dates. Key provisions relevant to us include the expansion of bonus depreciation, the permanent reinstatement of immediate expensing for research and development costs, and revisions to international tax rules. Beginning in fiscal 2026, domestic research and experimental expenditures are deductible as incurred, while foreign research and experimental expenditures remain subject to capitalization and amortization. The new legislation did not have a material impact on our income tax expense or effective tax rate for fiscal 2026; however, we will continue to monitor future regulatory guidance and assess any potential impacts in subsequent periods.

We paid $1.2 million in cash for income taxes during fiscal 2026. The decrease in cash paid for income taxes compared with fiscal 2025 primarily reflects a net federal refund received during fiscal 2026 resulting from prior year overpayments.

LIQUIDITY AND CAPITAL RESOURCES

Introduction

Our cash at August 31, 2026 totaled $13.3 million, with no borrowings on our $62.5 million revolving credit facility. Of our $13.3 million of cash at August 31, 2026, $4.1 million was held outside the U.S. by our foreign subsidiaries. We routinely repatriate cash from our foreign subsidiaries and consider cash generated from foreign activities a key component of our overall liquidity position. Our primary sources of liquidity are cash flows from the sale of services and products in the normal course of business and available proceeds from our credit facility. Our primary uses of liquidity include payments for operating activities, development of our content and delivery offerings (including capital expenditures for curriculum and delivery portals), and opportunistic purchases of our common stock.

The following table summarizes our cash flows from operating, investing, and financing activities for the past three years (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
Total cash provided by (used for):			
Operating activities	$ 21,587	$ 28,977	$ 60,257
Investing activities	(12,383)	(16,888)	(11,310)
Financing activities	(27,722)	(28,781)	(38,655)
Effect of exchange rates on cash	107	(273)	141
Increase (decrease) in cash and cash equivalents	$ (18,411)	$ (16,965)	$ 10,433

Our Current Credit Agreement

We previously entered into a credit agreement (the 2023 Credit Agreement) with Key Bank National Association leading a group of financial institutions. The 2023 Credit Agreement provides up to $70.0 million in total credit, of which $7.5 million was used to replace the outstanding term loan balance from the previous credit agreement. The remaining $62.5 million is available as a revolving line of credit or for future term loans. We believe the 2023 Credit Agreement provides significant flexibility and financial resources to allow us to grow the business in future periods.

The 2023 Credit Agreement matures on March 27, 2028, and the interest rate for borrowings on the 2023 Credit Agreement is based on the Secured Overnight Financing Rate (SOFR) and is a tiered structure that varies according to the Leverage Ratio as defined in the 2023 Credit Agreement (refer to Note 6, *Secured Credit Agreement* to our consolidated financial statements for the interest rate structure).

As defined in the 2023 Credit Agreement, (i) we are required to maintain a Leverage Ratio of less than 3.00 to 1.00 and a Fixed Charge Coverage Ratio greater than 1.15 to 1.00; and (ii) we are restricted from making certain distributions to stockholders, including repurchases of common stock. However, we are permitted to make distributions, including through purchases of outstanding common stock, provided that we are in compliance with the Leverage Ratio and Fixed Charge Coverage Ratio financial covenants before and after such distribution. At August 31, 2026, we believe that we were in compliance with the terms and covenants contained in the 2023 Credit Agreement.

At August 31, 2026 our debt structure was relatively simple and consisted primarily of obligations for leased office and warehousing space. For further information on our leasing obligations, refer to the notes to our consolidated financial statements as presented in Item 8 of this Annual Report on Form 10-K.

The following discussion is a description of the primary factors affecting our cash flows and their effects upon our liquidity and capital resources during the fiscal year ended August 31, 2026.

Cash Flows from Operating Activities

Our primary source of cash from operating activities was the sale of services and products to our customers in the normal course of business. Our primary uses of cash for operating activities were payments for SG&A expenses, direct costs necessary to conduct training programs, to fund working capital changes, and to suppliers for materials used in training

manuals sold. Our cash provided by operating activities during fiscal 2026 was $21.6 million compared with $29.0 million in the prior year. The decrease in cash flows from operating activities was primarily attributable to unfavorable changes in working capital, which were driven primarily by increased accounts receivable. We expect our cash flows from operating activities to improve in future periods due to higher expected net income combined with the favorable impact of restructuring activities initiated in fiscal 2026 that are designed to reduce operating costs. However, certain conditions are beyond our control or influence such as general macroeconomic conditions, general business environment uncertainty, government spending, and conditions in international locations which directly impact our financial results at our international direct offices and international licensees.

Cash Flows from Investing Activities and Capital Expenditures

For the fiscal year ended August 31, 2026, our cash used for investing activities totaled $12.4 million. Our primary uses of cash for investing activities consisted of investments in the development of our content and offerings and purchases of property and equipment in the normal course of business.

In fiscal 2026, we spent $7.0 million on the development of our content and related offerings. We believe continued investment in our content and offerings is key to future growth and the development of our business. We currently expect that our capital spending for curriculum development will total between approximately $8.5 million and $10.5 million in fiscal 2027.

Cash used for purchases of property and equipment during fiscal 2026 totaled $5.4 million and consisted primarily of leasehold improvements at our new headquarters office, and computer software and hardware. We currently anticipate that our purchases of property and equipment in fiscal 2027 will total between approximately $4 million and $6 million.

Cash Flows from Financing Activities

Our net cash used for financing activities during fiscal 2026 totaled $27.7 million. Our primary uses of financing cash included $28.1 million used to purchase shares of our common stock, which consisted of shares purchased on the open market and shares withheld for income taxes on stock-based compensation awards, and $0.8 million used for the final payment for the purchase of Strive Talent, Inc. Partially offsetting our uses of cash for financing activities were $1.2 million of proceeds received from our ESPP participants to purchase shares of common stock during the fiscal year.

Our uses of financing cash in future periods may include purchases of our common stock. However, the timing and amount of common stock purchases is dependent on a number of factors, including available resources, and we are not obligated to make purchases of our common stock during any future period.

Sources of Cash and Liquidity

We expect to pay for projected capital expenditures and meet other obligations in fiscal 2027 and beyond, from current cash balances, future cash flows from operating activities, and proceeds from our available line of credit if necessary. Going forward, we will also continue to incur costs necessary for the day-to-day operation of the business and may use additional credit and other financing alternatives, if necessary, for these expenditures. During fiscal 2023 we entered into a five-year credit agreement which we expect to renew and amend on a regular basis to maintain the long-term borrowing capacity of this credit facility. Additional potential sources of liquidity available to us include factoring receivables, issuance of additional equity, or issuance of debt to public or private sources. If necessary, we will evaluate all of these options and select one or more of them depending on overall capital needs and the associated cost of capital.

We believe that our existing cash and cash equivalents, cash generated by operating activities, and the availability of external funds as described above, will be sufficient for us to maintain our operations for the next 12 months and into the future. However, our ability to maintain adequate capital for our operations in the future is dependent upon a number of factors, including sales trends, macroeconomic activity and uncertainty, our ability to contain costs, levels of capital expenditures, collection of accounts receivable, and other factors. Some of the factors that influence our operations are not within our control. We will continue to monitor our liquidity position and may pursue additional financing alternatives, as described above, to maintain sufficient resources for future growth and capital requirements. However, there can be no assurance such financing alternatives will be available to us on acceptable terms, or at all.

Material Cash Requirements

We do not operate any manufacturing, mining, or other capital-intensive facilities, and we have not structured any special purpose entities, or participated in any commodity trading activities, which would expose us to potential undisclosed liabilities or create adverse consequences to our liquidity. However, we have cash expenditures and are subject to various contractual obligations that are required to run our business. Our material cash requirements include the following:

- **Associate and Consultant Compensation** – Associate and consultant compensation is our largest expense and most significant recurring use of cash. Our compensation plans for associates and delivery consultants include fixed (salaried) and variable elements as well as the cost of benefits, and may fluctuate with sales, financial results, and hiring/retention activity. During fiscal 2026, we expensed approximately $172 million for associate and delivery consultant cash compensation. Associate compensation expense is included in SG&A expense and consultant compensation is included in our cost of revenue. Our associate costs include variable compensation such as commissions, incentives, and bonuses, and may fluctuate from year-to-year.
- **Information Technology** – Our business is reliant on computer software and hardware. Our subscription service portals require ongoing development, recurring maintenance, security upgrades, and utilize various software applications. In addition, we utilize various software programs to run our business, including applications for customer resource management, general ledger, cybersecurity, spreadsheets, word processing, e-mail, etc. Including capitalized hardware and software, we spent approximately $11 million for information technology software and hardware during fiscal 2026.
- **Content Development** – We believe that ongoing investment in our content and offerings is key to our future success. Our innovations group is responsible for the development of new content as well as refreshing and maintaining our existing content. Including capitalized development, we spent approximately $9 million (excluding innovation associate compensation discussed above) for the development and maintenance of our offerings and content in fiscal 2026.
- **Income Taxes** – We are required to pay income taxes in the various jurisdictions where we operate. During fiscal 2026, we paid $1.2 million in cash for income taxes.
- **Contractual Obligations** – In addition to the expenses described above, which we believe are required to successfully run our business, we have other longer-term contractual obligations, which require additional cash payments. We have summarized our significant contractual obligations at August 31, 2026, in the following table (in thousands):

Description	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030	Fiscal 2031	Thereafter	Total
Minimum operating lease payments	$ 1,030	$ 880	$ 907	$ 932	$ 950	$ 4,517	$ 9,216
Purchase obligations	2,749	-	-	-	-	-	2,749
	$ 3,779	$ 880	$ 907	$ 932	$ 950	$ 4,517	$ 11,965

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies that we used to prepare our consolidated financial statements are outlined primarily in Note 1 and in Note 2 (revenue recognition policies) to the consolidated financial statements, which are presented in Part II, Item 8 of this Annual Report on Form 10-K. Some of those accounting policies require us to make assumptions and use judgments that may affect the amounts reported in our consolidated financial statements. Management regularly evaluates its estimates and assumptions and bases those estimates and assumptions on historical experience, factors that are believed to be reasonable under the circumstances, and requirements under accounting principles generally accepted in the United States of America. Actual results may differ from these estimates under different assumptions or conditions, including changes in economic and political conditions and other circumstances that are not within our control, but which may have an impact on these estimates and our actual financial results.

The following items require the most significant judgment and often involve complex estimates:

Revenue Recognition

We account for revenue in accordance with Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. For the All Access Pass, judgment is required to determine whether the intellectual property and web-based functionality and content are considered distinct and accounted for separately, or not distinct and accounted for together.

We have determined to account for the AAP as a single performance obligation and recognize the associated transaction price ratably over the term of the underlying contract beginning on the commencement date of each contract, which is the date the Company's platforms and resources are made available to the customer. This determination was reached after considering that our web-based functionality and content, in combination with our intellectual property, each represent inputs that transform into a combined output that represents the intended outcome of the AAP, which is to provide a continuously accessible, customized, and dynamic learning and development solution only accessible through the AAP platform.

Judgment is required to determine the stand-alone selling price (SSP) for each distinct performance obligation in a revenue contract. Where we have more than one distinct performance obligation, we must allocate the transaction price to each performance obligation based on its relative SSP. The SSP is the price at which we would sell a promised product or service separately to a customer. In determining the SSP, we consider the size and volume of transactions, price lists, historical sales, and contract prices. We may modify our pricing from time-to-time in the future, which could result in changes to the SSP.

Stock-Based Compensation

Our shareholders have approved a performance-based long-term incentive plan that provides for grants of stock-based performance awards to certain managerial personnel and executive management as directed by the Organization and Compensation Committee of the Board of Directors. Under the terms of some equity awards, the number of common shares that are vested and issued to participants is variable and is based upon the achievement of specified performance objectives during defined service periods. Due to the variable number of common shares that may be issued under some of our equity awards, we reevaluate our performance-award grants on a quarterly basis and adjust the number of shares expected to be awarded based upon actual and estimated financial results of the Company compared with the performance goals set for the award. Adjustments to the number of shares expected to vest, and to the corresponding compensation expense, are made on a cumulative basis at the adjustment date based upon the new estimated probable number of common shares to be awarded.

The analysis of our performance awards contains uncertainties because we are required to make assumptions and judgments about the timing and/or the eventual number of shares that will vest in each grant. The assumptions and judgments that are essential to the analysis include forecasted sales and operating income levels during the service periods. These forecasted amounts may be difficult to predict over the life of the awards due to changes in our business,

such as from the introduction of subscription-based services, or other external factors, and their impact on our financial results. Events such as these may leave some previously approved performance measures obsolete or unattainable. The evaluation of performance awards and the corresponding use of estimated amounts may produce additional volatility in our consolidated financial statements as we record cumulative adjustments to the estimated service periods and/or number of common shares expected to vest as described above. For example, uncertainties related to macroeconomic factors and prevailing business conditions resulted in a significant reversal of previously recognized performance award stock-based compensation expense in fiscal 2025.

Accounts Receivable Valuation

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Our allowance for credit losses calculation contains uncertainties because the calculation requires us to make assumptions and judgments regarding the collectability of customer accounts, which may be influenced by a number of factors that are not within our control, such as the financial health of each customer. We regularly review the collectability assumptions of our allowance for credit losses calculation and compare them against historical collections. Adjustments to the assumptions may either increase or decrease our total allowance for credit losses and may adversely impact our financial results. For example, a 10% increase to our allowance for credit losses at August 31, 2026, would decrease our reported income from operations by $0.2 million.

For further information regarding the calculation of our allowance for credit losses, refer to the notes to our financial statements as presented in Item 8 of this Annual Report on Form 10-K.

Valuation of Indefinite-Lived Intangible Assets and Goodwill

Intangible assets that are deemed to have an indefinite life and goodwill balances are not amortized, but rather are tested for impairment on an annual basis, or more often if events or circumstances indicate that a potential impairment exists. The Covey trade name intangible asset originated from the merger with the Covey Leadership Center in 1997 and has been deemed to have an indefinite life. This intangible asset is quantitatively tested for impairment using the present value of estimated royalties on trade name related revenues, which consist primarily of training seminars and related products, and international licensee royalties.

Goodwill is recorded when the purchase price for a business acquisition exceeds the estimated fair value of the net tangible and identified intangible assets acquired. Under current accounting guidance, an annual or interim goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount, and an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

We tested goodwill for impairment at August 31, 2026, at the reporting unit level using a quantitative approach. Based on the results of this analysis, we determined that it was more likely than not that the fair value of each of our reporting units was more than their carrying values. This determination and the underlying valuation model required judgment to estimate future cash flows and operating results and considered current operating results, expected future operating results, and various other factors such as macroeconomic conditions. Some of these factors are not within our control.

On an interim basis, we consider whether events or circumstances are present that may lead to the determination that goodwill may be impaired. These circumstances include, but are not limited to, the following:

- significant underperformance relative to historical or projected future operating results;
- significant change in the manner of our use of acquired assets or the strategy for the overall business;
- significant change in prevailing interest rates;
- significant negative industry or economic trends;
- significant change in market capitalization relative to book value; and/or
- significant negative change in market multiples of the comparable company set.

If, based on events or changing circumstances, we determine it is more likely than not that the fair value of a reporting unit does not exceed its carrying value, then we would be required to test goodwill for impairment.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions, and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable, but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units. The timing and frequency of our goodwill impairment tests are based on an ongoing assessment of events and circumstances that would indicate a possible impairment. Based on the results of our goodwill impairment analysis during fiscal 2026, we determined that no impairment existed at August 31, 2026, as we determined that it was more likely than not that each reporting unit's estimated fair value exceeded its carrying value.

Impairment of Long-Lived Assets

Long-lived tangible assets and finite-lived intangible assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We use an estimate of undiscounted future net cash flows of the assets over their remaining useful lives in determining whether the carrying value of the assets is recoverable. If the carrying values of the assets exceed the anticipated future cash flows of the assets, we calculate an impairment loss. The impairment loss calculation compares the carrying value of the asset to the asset's estimated fair value, which may be based upon discounted cash flows over the estimated remaining useful life of the asset. If we recognize an impairment loss, the adjusted carrying amount of the asset becomes its new cost basis, which is then depreciated or amortized over the remaining useful life of the asset. Impairment of long-lived assets is assessed at the lowest levels for which there are identifiable cash flows that are independent from other groups of assets.

Our impairment evaluation calculations contain uncertainties because they require us to make assumptions and apply judgment in order to estimate future cash flows, forecast the useful lives of the assets, and select a discount rate that reflects the risk inherent in future cash flows. Although we have not made any recent material changes to our long-lived assets impairment assessment methodology, if forecasts and assumptions used to support the carrying value of our long-lived tangible and finite-lived intangible assets change in the future, significant impairment charges could result that would adversely affect our results of operations and financial condition.

Income Taxes

We are subject to income taxes in the United States and in various state and foreign jurisdictions. Determining our income tax provision requires significant judgment, including estimates of future taxable income and the interpretation and application of complex tax laws and regulations that differ by jurisdiction and are subject to change.

During the course of the fiscal year, we apply an estimated annual effective tax rate to year-to-date pre-tax income, excluding infrequently occurring or unusual items, and we record the tax effects of the infrequent or unusual items in the period in which they occur. As the fiscal year progresses, we update our rate estimate for actual results and revised forecasts of income by jurisdiction, and any change in estimate is reflected in the quarter in which it is made.

We recognize the benefit of an uncertain tax position only if it is more likely than not to be sustained upon examination. We reassess these positions each quarter as audits progress, statutes of limitations expire, and tax laws or other circumstances change, which can result in a tax benefit or additional expense in the period of the change.

We establish valuation allowances for deferred tax assets when we estimate it is more likely than not that the tax assets will not be realized. The determination of whether valuation allowances are needed on our deferred income tax assets contains uncertainties because we must project future income, including the use of tax-planning strategies, by individual tax jurisdictions. Changes in industry and economic conditions and the competitive environment may impact the accuracy of our projections. We regularly assess the likelihood that our deferred tax assets will be realized and determine if adjustments to our valuation allowance are necessary. These evaluations may produce additional volatility in our tax provision or benefit, net income or loss, and earnings or loss per share.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 1 to the consolidated financial statements for information on recent accounting pronouncements.

REGULATORY COMPLIANCE

We are registered in states in which we do business that have a sales tax and we collect and remit sales or use tax on sales made in these jurisdictions. Compliance with environmental laws and regulations (including new laws and regulations relating to climate change) has not had a material effect on our operations. We believe we are in compliance with applicable governmental regulations in the United States and the countries in which we operate.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements made by the Company in this report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934 as amended. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and may contain words such as "believe," "anticipate," "expect," "estimate," "project," or words or phrases of similar meaning. In our reports and filings we may make forward-looking statements regarding, among other things, our expectations about future sales levels and financial results, future training and consulting sales activity, expected benefits from restructuring plans and growth initiatives, anticipated renewals of subscription offerings, the impact of new accounting standards on our financial condition and results of operations, the amount and timing of estimated capital expenditures, anticipated expenses, including SG&A expenses, depreciation, and amortization, future gross margins, the release of new services or products, the adequacy of existing capital resources, our ability to renew or extend our line of credit facility, the amount of cash expected to be paid for income taxes, our ability to maintain adequate capital for our operations for at least the upcoming 12 months, the seasonality of future sales, future compliance with the terms and conditions of our line of credit, the ability to borrow on our line of credit, expected collections of accounts receivable, the duration, cost, and outcome of litigation, and cash flow estimates used to determine the fair value of long-lived assets. These, and other forward-looking statements, are subject to certain risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. These risks and uncertainties are disclosed from time to time in reports filed by us with the SEC, including reports on Forms 8-K, 10-Q, and 10-K. Such risks and uncertainties include, but are not limited to, the matters discussed in Item 1A of this Annual Report on Form 10-K for the fiscal year ended August 31, 2026, entitled "Risk Factors." In addition, such risks and uncertainties may include unanticipated developments in any one or more of the following areas: cybersecurity risks; unanticipated costs or capital expenditures; delays or unanticipated outcomes relating to our strategic plans and initiatives; dependence on existing products or services; the rate and consumer acceptance of new product introductions, including the All Access Pass and Impact Platform; competition; the impact of foreign exchange rates; the number and nature of customers and their product orders, including changes in the timing or mix of product or training orders; pricing of our products and services and those of competitors; adverse publicity; litigation; and other factors which may negatively affect our business.

The risks included here are not exhaustive. Other sections of this report may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors may emerge and it is not possible for our management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any single factor, or combination of factors, may cause actual results to differ materially from those contained in forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

The market price of our common stock has been and may remain volatile. Factors such as quarter-to-quarter variations in revenues and earnings or losses and our failure to meet expectations could have a significant impact on the market price of our common stock. In addition, the price of our common stock can change for reasons unrelated to our performance. Due to our relatively low market capitalization, the price of our common stock may also be affected by conditions such as a lack of analyst coverage and fewer potential investors.

Forward-looking statements are based on management's expectations as of the date made, and the Company does not undertake any responsibility to update any of these statements in the future except as required by law. Actual future performance and results will differ and may differ materially from that contained in or suggested by forward-looking statements as a result of the factors set forth in this Management's Discussion and Analysis and elsewhere in our filings with the SEC.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk of Financial Instruments

We are exposed to financial instrument market risk primarily through fluctuations in foreign currency exchange rates and interest rates. To manage risks associated with foreign currency exchange and interest rates, we may make limited use of derivative financial instruments. Derivatives are financial instruments that derive their value from one or more underlying financial instruments. As a matter of policy, our derivative instruments are entered into for periods consistent with the related underlying exposures and do not constitute positions that are independent of those exposures. In addition, we do not enter into derivative contracts for trading or speculative purposes, nor are we party to any leveraged derivative instrument. During the fiscal years ended August 31, 2026, 2025, and 2024, we were not party to any foreign exchange contracts, interest rate swap agreements, or similar derivative instruments.

Foreign Exchange Sensitivity

Due to the global nature of our operations, we are subject to risks associated with transactions that are denominated in currencies other than the United States dollar, as well as the effects of translating amounts denominated in foreign currencies to United States dollars as a normal part of the reporting process. The objective of our foreign currency risk management activities is to reduce foreign currency risk in the consolidated financial statements. In order to manage foreign currency risks, we may make limited use of foreign currency forward contracts and other foreign currency related derivative instruments.

Interest Rate Sensitivity

At August 31, 2026, our long-term obligations primarily consisted of our long-term leasing arrangements and licensing agreements. Since these long-term obligations have a fixed interest rate, our overall interest rate sensitivity is primarily influenced by any amounts borrowed on our 2023 Credit Agreement. The effective interest rate on our line of credit facility is variable and was 5.3% at August 31, 2026. As of August 31, 2026, we did not have any borrowings against our 2023 Credit Agreement and, therefore, a change in the interest rates would not materially affect our interest expense or cash flows. However, if we borrow amounts on our 2023 Credit Agreement, we will incur additional interest expense in future periods.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Franklin Covey Co.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Franklin Covey Co. and subsidiaries (the "Company") as of August 31, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended August 31, 2026, of the Company and our report dated November 12, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Salt Lake City, Utah
November 12, 2026

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Franklin Covey Co.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Franklin Covey Co. and subsidiaries (the "Company") as of August 31, 2026 and August 31, 2025, the related consolidated income statements and statements of comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended August 31, 2026, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2026 and August 31, 2025, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2026, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 12, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Revenue Recognition – Refer to Note 2 to the Financial Statements

Critical Audit Matter Description

The Company recognizes revenue upon the transfer of control of promised products and services to customers in an amount equal to the consideration expected to be received in exchange for those products and services. The contracts for (1) the *Leader in Me* subscription offering and (2) the All Access Pass subscription offerings containing contractually committed services and products, often include promises to transfer multiple products or services to a customer which are considered distinct performance obligations and should be accounted for separately. The transaction price is allocated to each performance obligation on a relative standalone selling price (SSP) basis. The SSP is the price which the Company

would sell a promised product or service separately to a customer. In determining the SSP, the Company considers the size and volume of transactions, price lists, historical sales, and contract prices.

Given the increased extent of audit effort in evaluating management's judgments in determining SSP, we identified the determination of SSP for these subscription offerings as a critical audit matter.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's determination of SSP for these performance obligations, included the following, among others:

- We tested the effectiveness of internal controls over the determination of SSP.
- We selected a sample of customer agreements and performed the following:
    - Obtained and read customer contracts and invoices for each selection to evaluate if relevant contractual terms have been appropriately considered by management.
    - Assessed the terms in the customer agreement and evaluated the appropriateness of management's application of their accounting policies, along with their use of estimates, in the determination of revenue recognition conclusions.
    - Assessed the reasonableness of management's estimates of SSP for services and products and the allocation of the transaction price to identified performance obligations determined on a relative stand-alone selling basis in accordance with relevant accounting standards.
    - Tested the mathematical accuracy of management's calculations of revenue and the associated timing of revenue recognized in the financial statements.

/s/ Deloitte & Touche LLP

Salt Lake City, Utah
November 12, 2026

We have served as the Company's auditor since 2016.

FRANKLIN COVEY CO.
CONSOLIDATED BALANCE SHEETS

AUGUST 31,	2026	2025
In thousands, except per-share data		
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,287	$ 31,698
Accounts receivable, less allowance for credit losses of $2,151 and $2,929	67,771	68,415
Inventories	5,794	5,165
Prepaid expenses	5,086	5,114
Other current assets	18,973	19,085
Assets held for sale, net of valuation allowance	1,404	-
Total current assets	112,315	129,477
Property and equipment, net	12,460	14,324
Intangible assets, net	31,272	34,551
Goodwill	30,965	31,220
Deferred income tax assets	1,144	231
Other long-term assets	30,098	33,109
	$ 218,254	**$ 242,912**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of notes payable	$ -	$ 823
Accounts payable	6,051	8,780
Deferred revenue	112,625	106,534
Customer deposits	8,946	16,327
Accrued liabilities	22,550	24,828
Liabilities held for sale	1,004	-
Total current liabilities	151,176	157,292
Other liabilities	11,008	14,718
Deferred income tax liabilities	4,706	3,991
Total liabilities	166,890	176,001
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Common stock, $0.05 par value; 40,000 shares authorized, 27,056 shares issued	1,353	1,353
Additional paid-in capital	230,146	230,251
Retained earnings	131,195	126,272
Accumulated other comprehensive loss	(1,176)	(1,032)
Treasury stock at cost, 15,735 shares and 14,565 shares	(310,154)	(289,933)
Total shareholders' equity	51,364	66,911
	$ 218,254	**$ 242,912**

See accompanying notes to consolidated financial statements.

FRANKLIN COVEY CO.
CONSOLIDATED INCOME STATEMENTS AND STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED AUGUST 31,	2026	2025	2024
In thousands, except per-share amounts			
Revenue	$ 261,455	$ 267,067	$ 287,233
Cost of revenue	65,421	63,498	66,161
Gross profit	196,034	203,569	221,072
Selling, general, and administrative	173,374	180,617	175,941
Restructuring costs	6,735	6,723	3,008
Building exit costs	1,359	2,067	-
Loss on assets held for sale	218	-	-
Impaired asset	-	-	928
Depreciation	4,642	4,066	3,905
Amortization	2,542	4,392	4,248
Income from operations	7,164	5,704	33,042
Interest income	212	928	1,123
Interest expense	(310)	(565)	(1,119)
Income before income taxes	7,066	6,067	33,046
Income tax provision	(2,143)	(2,999)	(9,644)
Net income	**$ 4,923**	**$ 3,068**	**$ 23,402**
Net income per share:			
Basic	$ 0.43	$ 0.24	$ 1.78
Diluted	0.42	0.24	1.74
Weighted average number of common shares:			
Basic	11,546	12,927	13,171
Diluted	11,726	13,053	13,472
COMPREHENSIVE INCOME:			
Net income	$ 4,923	$ 3,068	$ 23,402
Foreign currency translation adjustments, net of income tax provision of $(14), $(21), and $(11)	(144)	(264)	219
Comprehensive income	**$ 4,779**	**$ 2,804**	**$ 23,621**

See accompanying notes to consolidated financial statements.

FRANKLIN COVEY CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED AUGUST 31,	2026	2025	2024
In thousands			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 4,923	$ 3,068	$ 23,402
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,184	8,458	8,153
Amortization of capitalized curriculum development costs	5,687	4,440	3,172
Deferred income taxes	(423)	1,468	1,885
Stock-based compensation expense	6,562	5,805	10,142
Loss on assets held for sale	218	-	-
Impaired asset	-	-	928
Gain on license obligation restructuring	(338)	-	-
Amortization of right-of-use operating lease assets	831	610	760
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable, net	(135)	17,464	(3,759)
Decrease (increase) in inventories	(687)	(1,161)	228
Decrease (increase) in prepaid expenses and other assets	1,927	(1,447)	(1,414)
Increase (decrease) in accounts payable and accrued liabilities	(2,035)	(5,770)	403
Increase (decrease) in deferred revenue and customer deposits	(2,608)	3,151	13,458
Increase (decrease) in income taxes payable/receivable	1,483	(5,942)	3,453
Decrease in other liabilities	(1,002)	(1,167)	(554)
Net cash provided by operating activities	**21,587**	**28,977**	**60,257**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(5,375)	(8,253)	(3,694)
Capitalized curriculum development costs	(7,008)	(7,561)	(6,866)
Acquisition of license/content rights	-	(1,074)	(750)
Net cash used for investing activities	**(12,383)**	**(16,888)**	**(11,310)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from line of credit borrowings	11,677	-	-
Payments on line of credit borrowings	(11,677)	-	-
Principal payments on notes payable	(835)	(835)	(5,835)
Principal payments on financing obligation	-	(3,112)	(3,538)
Purchases of common stock for treasury	(28,130)	(26,374)	(30,749)
Proceeds from sales of common stock held in treasury	1,243	1,540	1,467
Net cash used for financing activities	**(27,722)**	**(28,781)**	**(38,655)**
Effect of foreign currency exchange rates on cash and cash equivalents	107	(273)	141
Net increase (decrease) in cash and cash equivalents	(18,411)	(16,965)	10,433
Cash and cash equivalents at beginning of the year	31,698	48,663	38,230
Cash and cash equivalents at end of the year	**$ 13,287**	**$ 31,698**	**$ 48,663**
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 1,239	$ 7,693	$ 4,205
Cash paid for interest	251	496	1,107
Non-cash investing and financing activities:			
Acquisition of property and equipment and capitalized curriculum financed by accounts payable and accrued liabilities	$ 744	$ 3,255	$ 1,036
Consideration for reacquired license rights from liabilities of seller	-	168	-
Acquisition of content rights financed by accounts payable and other liabilities	-	678	750

See accompanying notes to consolidated financial statements.

FRANKLIN COVEY CO.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

In thousands	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount
Balance at August 31, 2023	**27,056**	**$ 1,353**	**$ 232,373**	**$ 99,802**	**$ (987)**	**(13,974)**	**$ (253,887)**
Issuance of common stock from treasury			(10,266)			643	11,733
Purchase of treasury shares						(776)	(30,749)
Unvested share award			(436)			23	436
Stock-based compensation			10,142				
Cumulative translation adjustments					219		
Net income				23,402			
Balance at August 31, 2024	**27,056**	**1,353**	**231,813**	**123,204**	**(768)**	**(14,084)**	**(272,467)**
Issuance of common stock from treasury			(6,831)			431	8,372
Purchase of treasury shares						(939)	(26,374)
Unvested share award			(536)			27	536
Stock-based compensation			5,805				
Cumulative translation adjustments					(264)		
Net income				3,068			
Balance at August 31, 2025	**27,056**	**1,353**	**230,251**	**126,272**	**(1,032)**	**(14,565)**	**(289,933)**
Issuance of common stock from treasury			(5,865)			363	7,107
Purchase of treasury shares						(1,573)	(28,130)
Unvested share award			(802)			40	802
Stock-based compensation			6,562				
Cumulative translation adjustments					(144)		
Net income				4,923			
Balance at August 31, 2026	**27,056**	**$ 1,353**	**$ 230,146**	**$ 131,195**	**$ (1,176)**	**(15,735)**	**$ (310,154)**

See accompanying notes to consolidated financial statements.

FRANKLIN COVEY CO.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Franklin Covey Co. (hereafter referred to as we, us, our, or the Company) is a global company specializing in organizational performance improvement. We help individuals and organizations achieve results that require a change in human behavior and our mission is to "enable greatness in people and organizations everywhere." We have some of the best-known offerings in the training industry, including a suite of individual-effectiveness and leadership-development training and products based on the best-selling books, *The 7 Habits of Highly Effective People, The Speed of Trust, The Leader In Me*, *The Four Disciplines of Execution*, and *Multipliers*, and proprietary content in the areas of Leadership, Execution, Productivity, Sales Performance, and Educational improvement. Our offerings are described in further detail at www.franklincovey.com and elsewhere in this report. Through our organizational research and content development efforts, we seek to consistently create, develop, and introduce new services and products that help individuals and organizations achieve their own great purposes.

Fiscal Year

Our fiscal year ends on August 31 of each year and our fiscal quarters end on the last day of November, February, and May. Unless otherwise noted, references to fiscal years apply to the 12 months ended August 31 of the specified year.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and our wholly owned subsidiaries, which consist of Franklin Development Corp., and our offices that serve clients in Japan, China, the United Kingdom, Ireland, Australia, New Zealand, Germany, France, Switzerland, and Austria. Intercompany balances and transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, shareholders' equity, revenues, and expenses. Actual results could differ from those estimates.

Reclassifications

Certain expenses in our fiscal 2025 consolidated income statement have been reclassified to conform with the current period presentation. Expenses incurred for the movement of our corporate headquarters during fiscal 2025, which totaled $2.1 million, were reclassified from selling, general, and administrative expense to building exit costs.

Cash and Cash Equivalents

Our cash is deposited with financial institutions located throughout the United States of America and at banks in foreign countries where we operate subsidiary offices, and at times these deposits may exceed insured limits. We consider all highly liquid debt instruments with an original maturity date of three months or less to be cash equivalents. Of our $13.3 million of cash at August 31, 2026, $4.1 million was held outside the U.S. by our foreign subsidiaries. We routinely repatriate cash from our foreign subsidiaries and consider cash generated from foreign activities a key component of our overall liquidity position.

Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined using the first-in, first-out method. Cash flows from the sale of inventory are included in cash flows provided by operating activities in our consolidated statements of cash flows. At each of August 31, 2026 and 2025, our inventories were comprised primarily of training materials, books, training-related accessories, and consisted of finished goods.

Provision is made to reduce excess and obsolete inventories to their estimated net realizable value. In assessing the valuation of our inventories, we make judgments regarding future demand requirements and compare these estimates with current and committed inventory levels. Inventory requirements may change based on projected customer demand, training curriculum life-cycle changes, and other factors that could affect the valuation of our inventories.

Other Current Assets

Significant components of our other current assets were as follows (in thousands):

AUGUST 31,	2026	2025
Deferred commissions	$ 16,789	$ 15,335
Other current assets	2,184	3,750
	$ 18,973	$ 19,085

We defer commission expense on subscription-based sales and recognize the commission expense with the recognition of the corresponding revenue.

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is calculated using the straight-line method over the lesser of the expected useful life of the asset or the contracted lease period. We generally use the following depreciable lives for our major classifications of property and equipment:

Description	Useful Lives
Computer hardware and software	3–5 years
Furniture, fixtures, and leasehold improvements	5–7 years

Our property and equipment were comprised of the following as of the indicated dates (in thousands):

AUGUST 31,	2026	2025
Computer hardware and software	$ 38,392	$ 36,544
Furniture, fixtures, and leasehold improvements	3,586	3,959
	41,978	40,503
Less accumulated depreciation	(29,518)	(26,179)
	$ 12,460	$ 14,324

We expense costs for repairs and maintenance as incurred. Gains and losses resulting from the sale of property and equipment are recorded in income from operations. Depreciation of capitalized subscription portal costs is included in depreciation expense in the accompanying consolidated income statements and statements of comprehensive income.

Impairment of Long-Lived Assets

Long-lived tangible assets and finite-lived intangible assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We use an estimate of undiscounted future net cash flows of the assets over the remaining useful lives in determining whether the carrying value of the assets is recoverable. If the carrying values of the assets exceed the anticipated future cash flows of the assets, we recognize an impairment loss equal to the difference between the carrying values of the assets and their estimated fair values. Impairment of long-lived assets is assessed at the lowest levels for which there are identifiable cash flows that are independent from other groups of assets. The evaluation of long-lived assets requires us to use estimates of future cash flows. If forecasts and assumptions used to support the realizability of our long-lived tangible and finite-lived intangible assets change in the future, significant impairment charges could result that would adversely affect our results of operations and financial condition.

In a prior period, we initiated the development of a student leadership assessment. However, due to societal changes in perception regarding the collection of student information and potential legal challenges, during fiscal 2024 we determined that it was in the best interest of the Company to suspend further development of the student leadership assessment and impair the associated asset. Approximately $0.6 million of the capitalized costs were for software and were previously included in property and equipment, and $0.3 million was included in capitalized development, which is included in our other long-term assets. The student leadership assessment was being developed for use in our Education Division.

Indefinite-Lived Intangible Assets and Goodwill Impairment Testing

Intangible assets that are deemed to have an indefinite life and acquired goodwill are not amortized, but rather are tested for impairment on an annual basis or more often if events or circumstances indicate that a potential impairment exists. The Covey trade name intangible asset has been deemed to have an indefinite life. This intangible asset is tested for impairment using qualitative factors or the present value of estimated royalties on trade name related revenues, which consist primarily of training seminars and work sessions, international licensee sales, and related products. Based on the fiscal 2026 evaluation of the Covey trade name, we believe the fair value of the Covey trade name substantially exceeds its carrying value. No impairment charges were recorded against the Covey trade name during the periods presented in this report.

Goodwill is recorded when the purchase price for a business acquisition exceeds the estimated fair value of the net tangible and identified intangible assets acquired. We test goodwill for impairment each year on August 31 or upon the occurrence of events or changes in circumstances which indicate that goodwill may be impaired. Goodwill is assigned to our reporting units, which are our operating segments, where discrete financial information is available that is regularly reviewed by management to evaluate segment performance.

During the annual impairment testing process, we have the option to first perform a qualitative assessment (commonly referred to as Step Zero) over relative events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value or to perform a quantitative assessment where we estimate the fair value of each reporting unit using both an income and market approach. At August 31, 2026, we completed a quantitative assessment of our goodwill and concluded there were no impairments. Refer to Note 5, *Intangible Assets and Goodwill* for further information on our goodwill, including the allocation of our goodwill to our reporting units.

When we perform a quantitative analysis to assess the recoverability of our goodwill, we determine the estimated fair value of each reporting unit and compare it to the carrying value of the reporting unit, including goodwill. If the fair value is less than the carrying value of the net assets and related goodwill, an impairment charge is recognized for the difference. The estimated fair value of each reporting unit is calculated using a combination of the income approach (discounted cash flows) and the market approach (using market multiples derived from a set of companies with comparable market characteristics). The value estimated using a discounted cash flow model is weighted against the estimated value derived from the market approach method. The market approach method estimates the price reasonably expected to be realized from the sale of the reporting unit based on comparable companies. In developing the discounted cash flow analysis, our assumptions about future revenues and expenses, capital expenditures, and changes in working capital are based on our internal plan and assume a terminal growth rate thereafter. The discounted cash flow analysis is derived from valuation techniques in which one or more significant inputs are not observable and constitute Level 3 fair value measures.

The determination of the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions, and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable, but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

Capitalized Curriculum Development Costs

During the normal course of business, we develop training courses and related materials that we sell to our clients. Capitalized curriculum development costs include certain expenditures to develop course materials such as video segments, course manuals, and other related materials. Our capitalized curriculum development spending in fiscal 2026, which totaled $7.0 million, was primarily to create new and refreshed offerings and content for the AAP and new offerings for our Education practice. Curriculum costs are capitalized when there is a major revision to an existing course that requires a significant re-write of the course materials, or a significant investment in new curriculum. Costs incurred to maintain existing offerings are expensed when incurred. In addition, development costs incurred in the research and development of new offerings and software products to be sold, leased, or otherwise marketed are expensed as incurred until economic and technological feasibility have been established.

Capitalized development costs are amortized over three-to-five year useful lives, which are based on numerous factors, including expected cycles of major changes to the content. Capitalized curriculum development costs are reported as a component of other long-term assets in our consolidated balance sheets and totaled $19.2 million and $18.0 million at August 31, 2026 and 2025. Amortization of capitalized curriculum development costs is reported as a component of cost of revenue in the accompanying consolidated income statements and statements of comprehensive income.

Accrued Liabilities

Significant components of our accrued liabilities were as follows (in thousands):

AUGUST 31,	2026	2025
Accrued compensation	$ 13,420	$ 14,384
Other accrued liabilities	9,130	10,444
	$ 22,550	$ 24,828

Foreign Currency Translation and Transactions

The functional currencies of our foreign operations are the reported local currencies. Translation adjustments result from translating our foreign subsidiaries' financial statements into United States dollars. The balance sheet accounts of our foreign subsidiaries are translated into United States dollars using the exchange rate in effect at the balance sheet dates. Revenues and expenses are translated using average exchange rates for each month during the fiscal year. The resulting translation differences are recorded as a component of accumulated other comprehensive loss in shareholders' equity. We recognized net foreign currency losses of $0.2 million in fiscal 2026, net foreign currency transaction gains of $0.1 million in fiscal 2025, and net foreign currency transaction losses of $0.1 million in fiscal 2024. Foreign exchange transaction gains and losses are included as a component of selling, general, and administrative expenses in our consolidated income statements and statements of comprehensive income.

Revenue Recognition

We account for revenue in accordance with Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. For further information on our revenue, refer to Note 2, *Revenue*.

Revenue is recognized as the net amount to be received after deducting estimated amounts for discounts and product returns.

Shipping and Handling Fees and Costs

All shipping and handling fees billed to customers are recorded as a component of revenue. All costs incurred related to the shipping and handling of products are recorded in cost of revenue.

Advertising Costs

Costs for advertising are expensed as incurred. Advertising costs included in selling, general, and administrative expenses totaled $5.1 million, $5.5 million, and $5.2 million for the fiscal years ended August 31, 2026, 2025, and 2024, respectively.

Stock-Based Compensation

We record the compensation expense for all stock-based payments, including grants of stock awards and the compensatory elements of our employee stock purchase plan, in our consolidated income statements and statements of comprehensive income based upon their fair values over the requisite service period. For more information on our stock-based compensation plans, refer to Note 12, *Stock-Based Compensation Plans*.

Income Taxes

Our income tax provision has been determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The income tax provision represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred income taxes result from differences between the financial and tax bases of our assets and liabilities and are adjusted for tax rates and tax laws when changes are enacted. A valuation allowance is provided against deferred income tax assets when it is more likely than not that all or some portion of the deferred income tax assets will not be realized. Interest and penalties related to uncertain tax positions are recognized as components of income tax benefit or expense in our consolidated income statements and statements of comprehensive income.

We may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

We provide for income taxes, net of applicable foreign tax credits, on temporary differences in our investment in foreign subsidiaries, which consist primarily of unrepatriated earnings.

Comprehensive Income

Comprehensive income includes changes to equity accounts that were not the result of transactions with shareholders. Comprehensive income is comprised of net income and other comprehensive income and loss items. Our other comprehensive income and losses generally consist of changes in the cumulative foreign currency translation adjustment, net of tax.

Accounting Pronouncement Issued and Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, *Improvements to Income Tax Disclosures*. ASU 2023-09 provides guidance to enhance transparency about income tax information through improvements to income tax disclosures primarily related to the effective income tax rate reconciliation and income taxes paid. This new guidance also includes certain other amendments designed to improve the effectiveness of income tax disclosures. The Company adopted this ASU in fiscal 2026 and the related disclosures are included in Note 15, *Income Taxes*. The amendments were effective for our annual periods beginning September 1, 2025 and have been applied prospectively.

Accounting Pronouncements Issued Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses,* which requires a public entity to disclose certain operating expenses disaggregated into categories, such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization on an annual and interim basis. The new

disclosure requirements are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The provisions within the update may be applied retrospectively for all periods presented in the financial statements. While we are still evaluating the specific impacts and adoption method, we anticipate this guidance will have a significant impact on our consolidated financial statement disclosures.

During September 2025, the FASB issued ASU 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*, which amends certain aspects of the accounting for and disclosure of software costs under ASC 350-40. This ASU makes targeted improvements to the accounting for software costs. ASU 2025-06 also supersedes the guidance for website development costs along with the recognition requirements for development costs specific to websites. This guidance is effective for all entities for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. The Company is currently evaluating this ASU to determine its impact on our financial statements.

2. REVENUE

We earn revenue from contracts with customers primarily through the delivery of our All Access Pass (AAP) and *Leader in Me* membership subscription offerings, through the delivery of training days and training course and classroom materials (whether digitally or in person), Executive coaching, and through the licensing of rights to sell our content into geographic locations where the Company does not maintain a direct office. We also earned revenues from leasing arrangements that are not accounted for under Topic 606. Returns and refunds are generally immaterial, and we do not have any significant warranty obligations.

We recognize revenue upon the transfer of control of promised products and services to customers in an amount equal to the consideration we expect to receive in exchange for those products or services. Although rare, if the consideration promised in a contract includes variable amounts, we evaluate the estimate of variable consideration to determine whether the estimate needs to be constrained. We include the variable consideration in the transaction price only to the extent that it is probable a significant reversal of the amount of cumulative revenue recognized will not occur.

The Company determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when the Company satisfies the performance obligations

Taxes assessed by a government authority that are collected from a customer are excluded from revenue.

Subscription Revenues

Subscription revenues primarily relate to the Company's AAP and *Leader in Me* membership offerings. We have determined that it is most appropriate to account for the AAP as a single performance obligation and recognize the associated transaction price ratably over the term of the underlying contract beginning on the commencement date of each contract, which is the date the Company's platforms and resources are made available to the customer. This determination was reached after considering that our web-based functionality and content, in combination with our intellectual property, each represent inputs that transform into a combined output that represents the intended outcome of the AAP, which is to provide a continuously accessible, customized, and dynamic learning and development solution only accessible through the AAP platform. During 2026, we began selling AAP contracts that included contractually committed services and products bundled with the AAP offering. The Company recognizes the revenue for the contractually committed products and services as those products are delivered or the services are performed and continues to recognize the revenue related to the AAP offering over the term of the underlying contract.

We typically invoice our customers annually upon execution of the contract or subsequent renewals. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue until the transfer of control has occurred and the amount is recognized in revenue.

Our *Leader in Me* membership offering is bifurcated into a portal membership obligation and a coaching delivery obligation. We have determined that it is appropriate to recognize revenue related to the portal membership over the term of the underlying contract and to recognize revenue from coaching as those services are performed. The combined contract amount is recorded in deferred revenue until the performance obligations are satisfied. Any additional coaching or training days which are contracted independent of a *Leader in Me* membership are recorded as revenue in accordance with our general policy for services and products as described below.

Services and Products

We deliver Company-led training and consulting services and related products such as training manuals and contractually committed materials and services sold in connection with the AAP at a customer's location or live-online based upon a daily consultant rate and a set price for training materials. These revenues are recognized as the training days occur and the services are performed. Customers also have the option to purchase training materials and present our offerings through internal facilitators and not through the use of a Franklin Covey consultant. Revenue is recognized from these product sales when the materials are shipped. Shipping revenues associated with product sales are recorded in revenue with the corresponding shipping cost being recorded as a component of cost of revenue.

Royalties

Our international strategy includes the use of licensees in countries where we do not have a wholly-owned direct office. Licensee companies are unrelated entities that have been granted a license to translate our content and offerings, adapt the content to the local culture, and sell our content in a specific country or region. We recognize revenue on the upfront fees from the sale of a territory to a licensee over the term of the initial contract. Licensees are then required to pay us royalties based upon a percentage of their sales to clients. We recognize royalty income each reporting period based upon sales information reported to us from the licensees. Refer to the disaggregated revenue information presented in Note 17, *Segment Information*, for our royalty revenues in the fiscal years presented in this report.

Contracts with Multiple Performance Obligations

We periodically enter into contracts that include multiple performance obligations. A performance obligation is a promise in a contract to transfer products or services that are distinct, or that are distinct within the context of the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied. Determining whether products and services meet the distinct criteria that should be accounted for separately or combined as one unit of accounting requires significant judgment.

When determining whether products and services meet the distinct criteria, we consider various factors for each agreement including the availability of the services and the nature of the offerings and services. We allocate the transaction price to each performance obligation on a relative standalone selling price (SSP) basis. Judgment is required to determine the SSP for each distinct performance obligation. The SSP is the price which the Company would sell a promised product or service separately to a customer. In determining the SSP, we consider the size and volume of transactions, price lists, historical sales, and contract prices. We may modify our pricing from time-to-time in the future, which could result in changes to the SSP.

Contract Balances

As described above, our subscription revenue is recognized ratably over the term of the underlying contract beginning on the commencement date of each agreement. The timing of when these contracts are invoiced, cash is collected, and revenue is recognized impacts our accounts receivable and deferred revenue accounts. We generally bill our clients in advance for subscription offerings or within the month that the training and products are delivered. As such, consideration due to the Company for work performed is included in accounts receivable and we do not have a significant amount of contract assets. Our receivables are generally collected within 30 to 150 days but typically no longer than 12

months. Deferred revenue primarily consists of billings or payments received in advance of revenue being recognized from our subscription and contractually committed services offerings. Furthermore, our clients, to expend funds in a particular budget cycle, may prepay for services or products which are recorded as customer deposits until the amount is applied to a subscription or contractually committed contract. Our deferred revenue totaled $116.1 million at August 31, 2026 and $111.7 million at August 31, 2025, of which $3.5 million and $5.1 million were classified as components of other long-term liabilities at August 31, 2026, and August 31, 2025. We recognized $160.7 million and $147.9 million of previously deferred revenue during the fiscal years ended August 31, 2026 and 2025, respectively.

Remaining Performance Obligations

When possible, we enter into multi-year non-cancellable contracts which are invoiced either upon execution of the contract or at the beginning of each annual contract period. Our remaining performance obligation represents contracted revenue that has not yet been recognized, including unearned revenue and unbilled amounts that will be recognized as revenue in future periods. Transaction price is influenced by factors such as seasonality, the average length of the contract term, and the ability of the Company to continue to enter multi-year non-cancellable contracts. At August 31, 2026, we had $183.4 million of remaining performance obligations, including $116.1 million of deferred revenue related to our subscription and contractually committed offerings. The remaining performance obligation does not include customer deposits as those amounts are generally refundable at the client's request prior to the satisfaction of the obligation.

Costs Capitalized to Obtain Contracts

We capitalize the incremental costs of obtaining non-cancellable subscription and contractually committed services revenue, primarily from the All Access Pass and the *Leader in Me* membership offerings. These incremental costs consist of sales commissions paid to our sales force and include the associated payroll taxes and fringe benefits. As the same commission rates are paid annually when the customer renews their contract, the capitalized commission costs are generally amortized ratably on an annual basis consistent with the recognition of the corresponding subscription or contractually committed services revenue. At August 31, 2026, we have $18.7 million of capitalized direct commissions, of which $16.8 million is included in other current assets and $1.9 million is in other long-term assets based on the expected recognition of the commission expense. During the fiscal year ended August 31, 2026, we capitalized $29.7 million of commission costs to obtain revenue contracts and amortized $28.6 million of deferred commissions to selling, general, and administrative expense. At August 31, 2025, we had $17.6 million of capitalized direct commissions, of which $15.3 million was included in other current assets and $2.3 million was in other long-term assets.

Refer to Note 17, *Segment Information*, to these consolidated financial statements for our disaggregated revenue information.

3. ASSETS AND LIABILITIES HELD FOR SALE

On July 9, 2026, the Company committed to a plan to sell the shares of its directly owned China subsidiaries and transition its business in China to a licensee operation. Subsequent to August 31, 2026 we entered into a definitive agreement for this transaction, which we expect will be completed by the end of the second quarter of fiscal 2027. Prior to fiscal 2017, we did business in China through an independent licensee arrangement. Due to geopolitical tensions and other factors, we believe the return to a licensee arrangement will improve our business prospects in the China marketplace. Because the China office disposal group met the criteria for classification as held for sale under ASC 360-10 as of August 31, 2026, the associated assets and liabilities have been segregated and reported separately within current assets and current liabilities on our consolidated balance sheet.

Upon classification as held for sale, the disposal group was measured at the lower of its carrying amount or its fair value less cost to sell. The major classes of assets and liabilities classified as held for sale as of August 31, 2026, which were included in our International segment, consisted of the following (in thousands):

AUGUST 31,	2026
Accounts receivable, net	$ 772
Inventories	58
Prepaid expenses	47
Property and equipment, net	72
Allocated goodwill	255
Right-of-use operating lease assets	120
Deferred tax assets	220
Other long-term assets	78
Valuation allowance on assets held for sale	(218)
Total assets held for sale	$ 1,404
Accounts payable	$ 5
Accrued liabilities	371
Deferred revenue	138
Customer deposits	370
Lease liabilities	120
Total liabilities held for sale	$ 1,004

In connection with the initial held-for-sale classification, we recorded a pretax impairment loss of $0.2 million to write the disposal group down to its fair value less cost to sell. The estimated purchase price less costs to sell is $0.4 million. This loss is recorded as a loss on assets held for sale on our fiscal 2026 consolidated income statement. The fair value of the disposal group was estimated based on expected net sale proceeds.

4. ACCOUNTS RECEIVABLE

Our trade accounts receivable are recorded at cost less an allowance for estimated credit losses, which is the net amount we expect to collect.

We make ongoing estimates relating to the collectability of our accounts receivable and maintain an allowance for credit losses resulting from the inability or unwillingness of our customers to make required payments. We estimate the allowance based upon consideration of numerous factors, including historical bad debts, the age of customer receivable balances, industry trends, macroeconomic factors in the markets where we operate, and judgments about the creditworthiness of our customers based on ongoing credit evaluations. The allowance is adjusted as necessary to reflect differences in current conditions as well as changes in forecasted macroeconomic conditions. Receivables that do not share the same risk characteristics as other trade receivables are evaluated on an individual basis, including those associated with customers that have a higher probability of default. We do not have a significant amount of notes or other receivables.

The following schedule provides a reconciliation of the activity in our allowance for estimated credit losses during the periods indicated (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
Beginning balance	$ 2,929	$ 3,015	$ 3,790
Charged to costs and expenses	233	2,042	(64)
Deductions	(1,011)	(2,128)	(711)
Ending balance	$ 2,151	$ 2,929	$ 3,015

The deductions on the foregoing table represent the write-off of amounts deemed uncollectible during the fiscal year presented. Our write-offs increased in fiscal 2025 due to activity in Japan and the United Kingdom which reflected business environment uncertainties and difficulties in these countries. During fiscal 2024, we received payment from customers whose accounts we had previously reserved against because of potential pandemic-related uncertainties. Accordingly, we reversed a portion of the allowance during fiscal 2024 to reflect the payments. Recoveries of amounts previously written off were insignificant for the periods presented. No customer accounted for more than 10% of our sales or accounts receivable in any year presented.

5. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

Our intangible assets were comprised of the following (in thousands):

AUGUST 31, 2026	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Acquired content	$ 49,812	$ (47,518)	$ 2,294
License rights	31,259	(27,310)	3,949
Customer lists	15,982	(15,884)	98
Acquired technology	7,282	(5,361)	1,921
Trade names	1,883	(1,883)	-
Non-compete agreements and other	930	(920)	10
	107,148	(98,876)	8,272
Indefinite-lived intangible asset:			
Covey trade name	23,000	-	23,000
	$ 130,148	$ (98,876)	$ 31,272

AUGUST 31, 2025			
Finite-lived intangible assets:			
Acquired content	$ 49,812	$ (47,089)	$ 2,723
License rights	34,428	(28,631)	5,797
Customer lists	15,982	(15,736)	246
Acquired technology	7,282	(4,641)	2,641
Trade names	1,883	(1,764)	119
Non-compete agreements and other	930	(905)	25
	110,317	(98,766)	11,551
Indefinite-lived intangible asset:			
Covey trade name	23,000	-	23,000
	$ 133,317	$ (98,766)	$ 34,551

In fiscal 2026 we re-evaluated the useful lives of content and license rights originally acquired in the merger with the Covey Leadership Center. These assets continue to be some of our primary revenue and cash flow generating assets. Based on the re-evaluation of these assets, we extended their useful lives by approximately 5 years.

During fiscal 2024, we purchased the content rights for *The Teacher Believed in Me* (TBIM) for $1.5 million in cash. We believe the content in TBIM is compelling and fits well within our *Leader in Me* offering. While the author retains the copyright to TBIM, the agreement grants us broad rights for the development and use of TBIM content. The content license does not have an expiration date and the purchase price was payable in two installments of $0.8 million. We are

amortizing the content license over a 10-year useful life, which is similar to other licenses, and the final payment was made in January 2025.

Our intangible assets are amortized over the estimated useful life of the asset. The range of remaining estimated useful lives and weighted-average amortization period over which we are amortizing the major categories of finite-lived intangible assets at August 31, 2026 were as follows:

Category of Intangible Asset	Range of Remaining Estimated Useful Lives	Weighted Average Amortization Period
Acquired content	6 years	30 years
License rights	1 to 7 years	30 years
Customer lists	1 year	12 years
Acquired technology	3 years	7 years
Trade names	none	5 years
Non-compete agreements and other	1 to 4 years	3 years

Our aggregate amortization expense from finite-lived intangible assets totaled $2.5 million, $4.4 million, and $4.2 million for the fiscal years ended August 31, 2026, 2025, and 2024. Amortization expense from our intangible assets over the next five years is expected to be as follows (in thousands):

YEAR ENDING AUGUST 31,	
2027	$ 2,233
2028	1,960
2029	1,494
2030	780
2031	779

Goodwill

We performed our annual testing of goodwill in accordance with the accounting policies described in Note 1, *Nature of Operations and Summary of Significant Accounting Policies*. We completed a quantitative assessment of our goodwill as of August 31, 2026 and concluded there were no impairments. We do not have any accumulated impairment charges against the carrying value of our goodwill. In connection with the sale of our direct office in China and its transition to a licensee arrangement as described in Note 3, *Assets Held for Sale*, $0.3 million of our goodwill was allocated to the sale of the direct office. At August 31, 2026 and 2025, goodwill was allocated to our reportable segments as shown below (in thousands):

AUGUST 31,	2025	Allocation	2026
North America	$ 19,125	$ -	$ 19,125
International	9,765	(255)	9,510
Education practice	2,330	-	2,330
	$ 31,220	$ (255)	$ 30,965

6. SECURED CREDIT AGREEMENT

On March 27, 2023, we entered into a credit agreement (the 2023 Credit Agreement) with KeyBank National Association (KeyBank) leading a group of financial institutions (collectively, the Lenders). KeyBank acts as the sole administrative and collateral agent under the 2023 Credit Agreement. The 2023 Credit Agreement provides up to $70.0 million in total credit, of which $7.5 million was used to replace a previously outstanding term loan, which was fully repaid in June 2024. The remaining $62.5 million is available as a revolving line of credit or for future term loans.

The 2023 Credit Agreement matures on March 27, 2028, and interest on term loan borrowings under the 2023 Credit Agreement was due and payable on the principal payment dates. Interest on all other borrowings is due the last day of each month. The interest rate for all borrowings on the 2023 Credit Agreement is based on the Secured Overnight Financing Rate (SOFR) and is a tiered structure that varies according to the Leverage Ratio calculated at the end of each

fiscal quarter. At August 31, 2026 and 2025, we did not have any outstanding term loan or line of credit debt, and the interest rate on the 2023 Credit Agreement was 5.3% at August 31, 2026 and 6.0% at August 31, 2025. We are also charged an unused credit commitment fee of 0.2% per annum, which is paid quarterly.

The Leverage Ratio as defined by the 2023 Credit Agreement is funded debt to adjusted earnings before interest, taxes, depreciation, and amortization (Adjusted EBITDA) and determines the applicable interest rate as shown below:

Leverage Ratio	Interest Rate
Less than 1.00	SOFR plus 1.50%
Between 1.00 and 2.00	SOFR plus 1.75%
Between 2.01 and 2.50	SOFR plus 2.25%
Greater than 2.50	SOFR plus 2.75%

The 2023 Credit Agreement also contains representations, warranties, and certain covenants. When any amounts are outstanding under the 2023 Credit Agreement, we are subject to a number of affirmative and negative covenants, including covenants regarding dispositions of property, investments, forming or acquiring subsidiaries, and business combinations or acquisitions, among other customary covenants, subject to certain exceptions. As defined in the 2023 Credit Agreement, (i) we are required to maintain a Leverage Ratio of less than 3.00 to 1.00 and a Fixed Charge Coverage Ratio greater than 1.15 to 1.00; and (ii) we are restricted from making certain distributions to stockholders, including repurchases of common stock. However, we are permitted to make distributions, including through purchases of outstanding common stock, provided that we are in compliance with the Leverage Ratio and Fixed Charge Coverage Ratio financial covenants before and after such distribution. In the event of noncompliance with these financial covenants and other defined events of default, the Lenders are entitled to certain remedies, including acceleration of the repayment of amounts outstanding under the 2023 Credit Agreement. At August 31, 2026, we believe that we were in compliance with the covenants and conditions of the 2023 Credit Agreement.

The 2023 Credit Agreement is secured by substantially all of our assets and certain of our subsidiaries, and provides for standard events of default, such as for non-payment and failure to perform or observe covenants, and contains standard indemnifications benefiting the Lenders. In connection with the 2023 Credit Agreement, the Company and certain of its subsidiaries, as applicable, also entered into a Security Agreement, Intellectual Property Security Agreement, and Guaranty of Payment.

7. NOTES PAYABLE

At August 31, 2025, our notes payable consisted of an obligation to the former owners of Strive Talent, Inc. (Strive), which was acquired in fiscal 2021. The note payable to the former owners of Strive was recorded at net present value and accrued interest at 3.6% until the final payment was made in April 2026.

8. LEASES

Lessee Obligations

In the normal course of business, we lease office space, primarily for our corporate administration and international sales administration offices, in commercial office complexes that are conducive to these functions. During fiscal 2025, we entered into a new lease agreement for leased headquarters space following the termination of our previous campus lease. We also rent warehousing and distribution facilities that are designed to provide secure storage and efficient distribution of our training products, books, and accessories, and certain office equipment. These leases are classified as operating leases. Operating lease assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. Since most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Leases with an initial term of 12 months or less are not recorded on the balance sheet and we do not have significant amounts of variable lease payments.

Some of our operating leases contain renewal options that may be exercised at our discretion after the completion of the base rental term. At August 31, 2026, we had operating leases with remaining terms ranging from less than one year to

approximately 10 years. The amounts of assets and liabilities (in thousands) and other information related to our operating leases is as follows:

AUGUST 31,		2026	2025
Assets:			
Operating lease right of use assets	Other long-term assets	$ 6,049	$ 6,933
Liabilities:			
Current:			
Operating lease liabilities	Accrued liabilities	$ 873	$ 657
Long-Term:			
Operating lease liabilities	Other long-term liabilities	5,840	6,339
		$ 6,713	$ 6,996
Weighted Average Remaining Lease Term:			
Operating leases (years)		9.3	9.9
Weighted Average Discount Rate:			
Operating leases		6.9%	6.9%

We obtained $0.3 million, $6.3 million, and $1.1 million of right-of-use operating lease assets in exchange for operating lease liabilities during the fiscal years ended August 31, 2026, 2025, and 2024. During fiscal 2026 and fiscal 2025, we paid $1.2 million and $0.5 million of cash for amounts included in lease liabilities as reported in cash flows from operating activities. Amounts paid for lease liabilities in prior years were immaterial.

Future minimum lease payments under our operating leases at August 31, 2026, are as follows (in thousands):

YEAR ENDING AUGUST 31,	
2027	$ 1,030
2028	880
2029	907
2030	932
2031	950
Thereafter	4,517
Total operating lease payments	9,216
Less imputed interest	(2,503)
Present value of operating lease liabilities	$ 6,713

We recognize lease expense on a straight-line basis over the life of the lease agreement. Total lease expense, which consisted entirely of fixed payments, totaled $1.8 million, $1.3 million, and $1.1 million for the fiscal years ended August 31, 2026, 2025, and 2024.

Lessor Accounting

During the lease on our previous headquarters campus which expired in June 2025, we subleased the majority of the campus space to multiple tenants. These sublease agreements were accounted for as operating leases and we recognized sublease income on a straight-line basis over the life of the agreement. Sublease revenue totaled $1.5 million and $1.9 million during the fiscal years ended August 31, 2025, and 2024. We do not expect to recognize sublease revenues in the foreseeable future.

9. COMMITMENTS AND CONTINGENCIES

Warehouse Outsourcing Contract

We have a warehousing services agreement with an independent warehouse and distribution company to provide product kitting, warehousing, and order fulfillment services at a facility near Des Moines, Iowa. Under the terms of this contract,

we pay a fixed charge of approximately $110,000 per year for account management services and variable charges for other warehousing services based on specified activities, including shipping charges. The current warehousing contract expired on October 31, 2026. Subsequent to August 31, 2026, we extended the warehousing contract for one year.

During the fiscal years ended August 31, 2026, 2025, and 2024, we expensed $1.9 million, $2.0 million, and $2.2 million for services provided under the terms of our warehouse and distribution outsourcing contract. The total amount expensed each year includes freight charges, which are billed to us based upon activity. Freight charges included in the warehouse and distribution outsourcing costs totaled $1.3 million, $1.4 million, and $1.5 million during the fiscal years ended August 31, 2026, 2025, and 2024, respectively. Because of the variable component of the agreement, our payments for warehouse and distribution services may fluctuate in the future due to changes in revenue and levels of specified activities.

Purchase Commitments

During the normal course of business, we issue purchase orders to various vendors for products and services. At August 31, 2026, we had open purchase commitments totaling $2.7 million for products and services to be delivered primarily in fiscal 2027.

Self-Insurance Liabilities

We self-insure for certain associate medical benefits. The recorded liabilities for self-insured risks are calculated using actuarial methods and are not discounted. These liabilities include amounts for actual claims and claims incurred but not reported. Actual experience, including claim frequency and severity as well as health care cost inflation, could result in actual liabilities being more or less than amounts currently recorded. We have accrued $1.4 million and $1.1 million for associate medical claims at August 31, 2026 and 2025, which are included as components of accrued liabilities on our consolidated balance sheets. We maintain stop-loss coverage for our self-insurance plan which is capped at $0.2 million per individual.

Letter of Credit

At August 31, 2026 and 2025, we had a standby letter of credit for $10,000. Nothing was drawn on this letter of credit at either August 31, 2026 or August 31, 2025.

Legal Matters and Loss Contingencies

Franklin Saltlake LLC, the former landlord (the Landlord) for the leased premises that housed the Company's corporate offices previously located at 2200 West Parkway Blvd, Salt Lake City, Utah, filed suit against a subsidiary, Franklin Development Corporation (Franklin Development), on December 20, 2024, in Third District Court, Salt Lake County, Utah. The original complaint alleged that Franklin Development breached the lease by failing to make certain repairs and replacements to equipment on the premises. The Landlord originally sought approximately $2.3 million in damages and a right to enter the premises to make the alleged repairs. The Company vacated the premises on June 30, 2025. The Landlord filed a supplemental complaint on September 18, 2025, alleging approximately $5 million in damages and that Franklin Development is in holdover. The Landlord now seeks no less than $9.2 million in damages. Franklin Development denies all material allegations; contends that the premises and associated equipment were in sound operating condition as of June 30, 2025, and asserts that the Landlord's demands are contrary to the language of the lease and reasonable commercial practice. Franklin Development answered the supplemental complaint and filed a counterclaim on October 2, 2025, asserting claims for breach of the covenant of good faith and fair dealing and declaratory relief. The parties are now engaged in fact discovery, which was recently reopened by the court. Franklin Development continues to vigorously defend against this suit, but, given the current stage of litigation, any outcome remains uncertain.

10. SHAREHOLDERS' EQUITY

Preferred Stock

We have 14.0 million shares of preferred stock authorized for issuance. At August 31, 2026 and 2025, no shares of preferred stock were issued or outstanding.

Purchases of Treasury Stock

On April 18, 2024, our Board of Directors approved a plan to purchase up to $50.0 million of our outstanding common stock. We purchased $22.1 million of our common stock on this Board authorized plan. On August 11, 2025, the Board of Directors approved a replenishment of the plan to purchase up to $50.0 million of common stock. As of August 31, 2026, we had $19.7 million remaining on this replenished purchase plan.

Purchases of common stock for treasury as presented in our consolidated statements of cash flows include both shares purchased on the open market and shares withheld for statutory taxes on our stock-based compensation awards (Note 12) and include the applicable 1% excise tax. Shares withheld for income taxes are valued at the market price on the date the stock-based plan shares were distributed to participants. The composition of shares purchased by us were as follows for the periods presented (cost in thousands):

	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Shares	Cost	Shares	Cost	Shares	Cost
Open market purchases	1,503,455	$ 26,919	791,152	$ 20,377	524,548	$ 20,416
Shares withheld on awards	69,122	1,211	147,624	5,997	251,686	10,333
	1,572,577	$ 28,130	938,776	$ 26,374	776,234	$ 30,749

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The accounting standards related to fair value measurements include a hierarchy for information and valuations used in measuring fair value that is broken down into the following three levels based on reliability:

- **Level 1** valuations are based on quoted prices in active markets for identical instruments that we can access at the measurement date.
- **Level 2** valuations are based on inputs other than quoted prices included in Level 1 that are observable for the instrument, either directly or indirectly, for substantially the full term of the asset or liability including the following:

  a. quoted prices for similar, but not identical, instruments in active markets;
  b. quoted prices for identical or similar instruments in markets that are not active;
  c. inputs other than quoted prices that are observable for the instrument; or
  d. inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- **Level 3** valuations are based on information that is unobservable and significant to the overall fair value measurement.

The book values of our financial instruments at August 31, 2026 and 2025 approximated their fair values. The assessment of the fair values of our financial instruments is based on a variety of factors and assumptions. Accordingly, the fair values may not represent the actual values of the financial instruments that could have been realized at August 31, 2026 or 2025, or that will be realized in the future, and do not include expenses that could be incurred in an actual sale or settlement. The following methods and assumptions were used to determine the fair values of our financial instruments, none of which were held for trading or speculative purposes.

Cash, Cash Equivalents, and Accounts Receivable – The carrying amounts of cash, cash equivalents, and accounts receivable approximate their fair values due to the liquidity and short-term maturity of these instruments.

Other Assets – Our other assets, including notes receivable, were recorded at the net realizable value of estimated future cash flows from these instruments.

Debt Obligations – At August 31, 2026, we did not have any outstanding notes payable or drawn amounts on our line of credit. Our revolving line of credit is a negotiated component of our 2023 Credit Agreement (Note 6). Since the interest rate for any obligation on our 2023 Credit Agreement is variable, the applicable interest rates and other conditions related to the revolving line of credit are reflective of current market conditions, and the carrying value of term loan and revolving line of credit (when applicable) obligations therefore approximate their fair value.

12. STOCK-BASED COMPENSATION PLANS

Overview

We utilize various stock-based compensation plans as integral components of our overall compensation and associate retention strategy. Our shareholders have approved various stock incentive plans that permit us to grant performance awards, unvested stock awards, stock options, fully vested stock awards, and to sell shares through the employee stock purchase plan (ESPP). The Organization and Compensation Committee of the Board of Directors (the Compensation Committee) has responsibility for the approval and oversight of our stock-based compensation plans.

On January 14, 2022, our shareholders approved the Franklin Covey Co. 2022 Omnibus Incentive Plan (the 2022 Plan), which authorized 1,000,000 shares of common stock for issuance as stock-based payments. On January 24, 2025, our shareholders approved Amendment No. 1 to the 2022 Plan, which authorized an additional 575,000 shares for issuance under the terms of the 2022 Plan. A detailed description of the 2022 Plan is set forth in our Definitive Proxy Statement filed with the SEC on December 15, 2021. At August 31, 2026, the 2022 Plan had approximately 252,000 shares available for future grants.

Our ESPP is administered under the terms of the Franklin Covey Co. 2017 Employee Stock Purchase Plan, which was approved by our shareholders at the annual meeting of shareholders held on January 26, 2018. For additional information regarding the Franklin Covey Co. 2017 Employee Stock Purchase Plan, please refer to our definitive Proxy Statement as filed with the SEC on December 22, 2017. At August 31, 2026, we had approximately 546,000 shares available for purchase by plan participants under the terms of the current shareholder approved ESPP.

The total compensation cost of our various stock-based compensation plans was as follows (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
Performance awards	$ 3,969	$ 3,879	$ 8,275
Strive acquisition compensation	1,469	655	660
Unvested stock awards	880	960	880
Compensation cost of the ESPP	214	266	252
Fully vested stock awards	30	45	75
	$ 6,562	$ 5,805	$ 10,142

No stock-based compensation was capitalized during the fiscal years presented in this report. We recognize forfeitures of stock-based compensation instruments as they occur. In fiscal 2026, we issued 402,825 shares of our common stock from shares held in treasury for various stock-based compensation arrangements, including our ESPP. During fiscal 2025, we issued 458,020 shares of our common stock from shares held in treasury for stock-based compensation arrangements. Our stock-based compensation plans allow shares to be withheld from the award to pay the participants' statutory income tax liabilities. During fiscal 2026 and fiscal 2025, we withheld 69,122 shares and 147,624 shares of our common stock, with fair values of $1.2 million and $6.0 million, respectively, for statutory income taxes on stock-based compensation awards.

The following is a description of our stock-based compensation plans.

Performance Awards

The Compensation Committee has awarded various performance-based stock compensation awards to our associates as long-term incentive awards. Some awards are based on the achievement of future goals and some awards are based upon the achievement of previously defined metrics, such as the achievement of specified levels of sales or consulting days delivered. Compensation expense is recognized as we determine it is probable that the shares will vest. Adjustments to compensation expense to reflect the number of shares expected to be awarded are made on a cumulative basis at the date of the adjustment. We reevaluate the likelihood and/or the number of shares expected to vest under performance awards at each reporting date. If all of our long-term performance awards outstanding at August 31, 2026 were to vest at the maximum number of shares that may be earned by participants, we have $9.7 million of unrecognized compensation expense related to our performance awards, which would be recognized over a weighted average period of 1.8 years.

Due to the impact of macroeconomic uncertainties and business conditions on our financial results in fiscal 2025 and projected financial results in the near term, we determined that the performance conditions for the fiscal 2025 long-term incentive plan (LTIP) and fiscal 2024 LTIP awards would not be met, and no awards would vest to participants. Accordingly, we reversed $1.9 million of previously recognized stock-based compensation expense in the fourth quarter of fiscal 2025.

LTIP Awards – The Compensation Committee has awarded annual performance-based stock compensation awards to members of our senior management as long-term incentive awards. Our fiscal 2026 LTIP award has three tranches, which consist of 1) shares that vest over three years of service with one-third vesting in November of 2026, 2027, and 2028 (step vest); 2) cumulative net revenue for fiscal 2026 through fiscal 2028; and 3) cumulative Adjusted EBITDA for fiscal 2026 through fiscal 2028. The number of shares that vest to participants based on the passage of time do not fluctuate based on the achievement of financial metrics. The number of shares that vest to participants based on financial metrics is variable and for the fiscal 2026 LTIP may be 50% of the award (minimum) or up to 175% of the award (maximum). The fiscal 2025 LTIP award is similar to fiscal 2026 and has three tranches, which consist of 1) shares that vest over three years of service with one-third vesting in October of 2025, 2026, and 2027; 2) cumulative net revenue for fiscal 2025 through fiscal 2027; and 3) cumulative Adjusted EBITDA for fiscal 2025 through fiscal 2027. The number of shares that vest to participants based on financial metrics in the fiscal 2025 LTIP is variable and may be 50% of the award (minimum) or up to 100% of the award (maximum). The fiscal 2024 LTIP award had two tranches, which consisted of: 1) shares that vest after three years of service (cliff vest); and 2) shares that vest based on the highest amount of rolling four quarter qualified Adjusted EBITDA earned in a three-year measurement period. The number of shares that vest to participants based on financial metrics in the fiscal 2024 LTIP was variable and ranged from 50% of the award (minimum) up to 200% of the award (maximum). The following share information is for our LTIP awards which included fiscal 2026 in the measurement period and have been adjusted for forfeitures.

Award Name	Grant Date	Time-Vested Shares	Revenue Shares		Adjusted EBITDA Shares		End of Service Period
			Minimum	Maximum	Minimum	Maximum	
2026 LTIP	November 13, 2025	75,938	77,202	270,177	33,093	115,796	August 31, 2028
2025 LTIP	July 11, 2025	29,215	30,671	61,330	13,151	26,290	August 31, 2027

			Qualified Adjusted EBITDA Shares				
			Minimum	Target	Maximum		
2024 LTIP	October 6, 2023	22,696	34,038	68,067	136,127	—	August 31, 2026

The minimum performance metric for the fiscal 2024 LTIP award was not met and no shares were distributed to award participants.

Long-Term Incentive and Retention Equity Awards - The Compensation Committee has approved a long-term incentive award for client partners, managing client partners, managing directors, and certain other associates that management believes are critical to our long-term success. For sales-related personnel, their award amounts are based upon meeting minimum sales levels and determining the value of the award based on their total sales performance for the fiscal year. For the other associates, their award amount was approved by the Compensation Committee. One-third of these award shares vest each year over a three-year service period and the number of shares earned does not fluctuate based on future

financial metrics. In fiscal 2026, we granted 145,204 shares under the terms of this award to eligible associates. During fiscal 2025 we granted 88,399 shares to associates and we granted 48,740 shares in fiscal 2024. These awards are expected to be granted annually by the Compensation Committee to retain these key associates.

Strive Acquisition Compensation

We structured two parts of the consideration for the fiscal 2021 acquisition of Strive Talent, Inc. (Strive) as payable in shares of our common stock. Each of the following amounts were payable in shares of our common stock or cash at our sole discretion:

- *Contingent Consideration* – A maximum of $4.2 million could be earned by the former principal owner of Strive over a five-year measurement period ending in May 2026. The total value of this consideration was contingent upon sales and growth of the All Access Pass subscription and subscription services revenues during the five-year measurement period. We measured the contingent consideration each quarter and divided the total by the average of the closing share price of our common stock on the NYSE over the last 15 trading days of the quarter. Earned shares were required to be distributed within 45 days following the end of each quarter.

  In an effort to retain the former principal owner of Strive, the Company and the former principal owner agreed to a modification of the acquisition agreement. In exchange for continued employment through February 27, 2026, the Company agreed to pay the former principal owner of Strive the remaining $1.4 million of unearned contingent consideration. We issued 80,434 shares of our common stock under the terms of this modification agreement in fiscal 2026.

- *Bonus Payments* – Approximately $1.0 million was payable 18 months following the closing date of the purchase to stockholders and option holders of Strive who were still employed by the Company as of the 18-month date, subject to certain exceptions. We expensed these awards evenly over the 18-month service period and distributed the shares of stock to recipients in October 2022.

As of August 31, 2026, we have no further obligations associated with the acquisition of Strive.

Unvested Stock Awards

The annual Board of Directors unvested stock award, which is administered under the terms of the Franklin Covey Co. Omnibus Incentive Plans, is designed to provide our non-employee directors, who are not eligible to participate in our ESPP, an opportunity to obtain an interest in the Company through the acquisition of our common stock as part of their compensation. For fiscal 2026, each eligible director received a whole-share grant equal to $120,000 with a one-year vesting period. The Board of Directors unvested awards are generally granted in January (following the Annual Shareholders' Meeting) of each year, and shares granted under the terms of this annual award may not be voted or participate in any common stock dividends until they are vested.

We issued 40,446 shares, 27,336 shares, and 23,136 shares of our common stock to eligible members of the Board of Directors during fiscal 2026, fiscal 2025, and fiscal 2024 as unvested stock awards. The fair value of shares awarded to the directors was $0.8 million in fiscal 2026 and $1.0 million in each of fiscal 2025 and 2024, as calculated on the grant date of the awards. The corresponding compensation cost of each award is recognized over the service period of the award, which is one year. The cost of the common stock issued from treasury for these awards was $0.8 million in fiscal 2026, $0.5 million in fiscal 2025, and $0.4 million in fiscal 2024. The following information applies to our unvested stock awards for the fiscal year ended August 31, 2026:

	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share
Unvested stock awards at August 31, 2025	27,336	$ 35.12
Granted	40,446	20.77
Forfeited	-	-
Vested	(27,336)	35.12
Unvested stock awards at August 31, 2026	40,446	$ 20.77

At August 31, 2026, there was $0.3 million of unrecognized compensation cost left on our unvested stock awards, which is expected to be recognized over the remaining service period of approximately four months. The total recognized income tax benefit from unvested stock awards was $0.2 million for each of the fiscal years ended August 31, 2026, 2025, and 2024. The intrinsic value of our unvested stock awards at August 31, 2026 was $0.8 million.

Employee Stock Purchase Plan

We have an employee stock purchase plan that offers qualified employees the opportunity to purchase shares of our common stock at a price equal to 85% of the average fair market value of our common stock on the last trading day of each quarter. ESPP participants purchased a total of 83,951 shares, 58,719 shares, and 44,040 shares of our common stock during the fiscal years ended August 31, 2026, 2025, and 2024, which had a corresponding cost basis of $1.7 million in fiscal 2026, $1.2 million in fiscal 2025, and $0.8 million in fiscal 2024. We received cash proceeds for these shares from ESPP participants totaling $1.2 million in fiscal 2026 and $1.5 million in each of fiscal 2025 and 2024.

Fully Vested Stock Awards

We have a stock-based incentive program that is designed to reward training consultants for exceptional long-term performance. The program grants shares of our common stock to training consultants who have delivered a specified number of training days during their career. Two individuals qualified for these awards in fiscal 2026, three individuals qualified in fiscal 2025, and five individuals qualified for these awards in fiscal 2024.

13. EMPLOYEE BENEFIT PLANS

We have defined contribution profit sharing plans for our employees that qualify under Section 401(k) of the Internal Revenue Code. These plans provide retirement benefits for employees meeting minimum age and service requirements. Qualified participants may contribute up to 75% of their gross wages, subject to certain limitations. These plans also provide for matching contributions to the participants that are paid by the Company. The matching contributions, which were expensed as incurred, totaled $3.2 million, $3.3 million, and $2.9 million during the fiscal years ended August 31, 2026, 2025, and 2024, respectively. We do not sponsor or participate in any defined-benefit pension plans.

14. RESTRUCTURING

Fiscal 2026 Restructuring Activity

Long-Term Restructuring Plan

During the second quarter of fiscal 2026, we initiated a long-term restructuring plan that is designed to streamline and simplify our operating model, focus investment in growth areas, improve processes, consolidate and centralize certain functions, and provide organizational focus to realign talent with current and expected business needs. This restructuring plan is expected to span multiple quarters and may include various costs to implement the organizational and process changes.

Since the inception of the plan through August 31, 2026, we have expensed cumulative restructuring costs of $3.3 million, primarily for severance and related expenses for 36 employees. Of these costs, approximately $2.0 million were attributable to our North America segment, $1.2 million were attributable to our International segment, and $0.1 million to

our Education segment. As of August 31, 2026, $0.5 million remained in accrued liabilities on our consolidated balance sheet for these restructuring activities. We expect to incur additional costs under this long-term plan in fiscal 2027.

First Quarter Restructuring Plan

Prior to the announcement of the long-term restructuring plan described above, we expensed $3.4 million during the first quarter of fiscal 2026 for restructuring expenses to streamline our organizational structure and reduce ongoing operating costs. The restructuring charge was comprised of severance costs to approximately 45 associates who were impacted by the event. Approximately $2.3 million of the restructuring charge was attributable to the North America segment, $0.4 million was for the International segment, and $0.7 million was for the Education Division. We paid the majority of these severance benefits during the first three quarters of fiscal 2026 and at August 31, 2026, we had an insignificant amount of these costs remaining in accrued liabilities on our consolidated balance sheet for this restructuring event.

Fiscal 2025 Restructuring Activity

During fiscal 2025, we expensed $6.7 million of restructuring costs for 80 associates who were impacted by changes to our new go-to-market strategy and cost reduction initiatives. Approximately $5.4 million of the restructuring costs were attributable to the North America segment, $0.7 million for the International segment, and $0.6 million for the Education Division. There were no remaining liabilities for this restructuring activity as of August 31, 2026.

Fiscal 2024 Restructuring Activity

During fiscal 2024, we restructured certain areas of our operations to sharpen the focus of our efforts and resources on plans and initiatives to drive additional growth in the future. As a result of this restructuring plan, we reduced our workforce by more than 50 associates and incurred severance and legal expenses totaling $3.0 million. Approximately $2.5 million of the restructuring expense was attributable to the International segment, $0.4 million was attributable to the Education segment, and $0.1 million was attributable to North America segment. There were no remaining liabilities for this restructuring activity as of August 31, 2025.

15. INCOME TAXES

Our provision for income taxes consisted of the following (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
Current:			
Federal	$ (549)	$ 376	$ (4,040)
State	(199)	(466)	(1,675)
Foreign	(2,023)	(1,852)	(2,174)
	(2,771)	(1,942)	(7,889)
Deferred:			
Federal	(828)	(1,303)	2,309
State	120	143	730
Foreign	523	647	(395)
Operating loss carryforward	198	925	(3,245)
Valuation allowance	615	(1,469)	(1,154)
	628	(1,057)	(1,755)
	$ (2,143)	$ (2,999)	$ (9,644)

The income tax provision was allocated as follows (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
Net income	$ (2,143)	$ (2,999)	$ (9,644)
Other comprehensive income	(14)	(21)	(11)
	$ (2,157)	$ (3,020)	$ (9,655)

Income before income taxes was generated as follows (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
United States	$ 5,439	$ 8,698	$ 32,456
Foreign	1,627	(2,631)	590
	$ 7,066	$ 6,067	$ 33,046

In December 2023, the FASB issued ASU 2023-09: *Improvements to Income Tax Disclosures*, which requires additional disaggregation of the effective income tax rate reconciliation and of income taxes paid by jurisdiction. We adopted this standard in fiscal 2026 on a prospective basis. Accordingly, the rate reconciliation is presented in the new format for fiscal 2026, while fiscal 2025 and 2024 continue to be presented as previously reported. The disaggregation of income taxes paid is presented for fiscal 2026. The adoption of ASU 2023-09 affected disclosure only and had no effect on our financial position, results of operations, or cash flows.

Income taxes paid, net of refunds received, were as follows (in thousands):

YEAR ENDED AUGUST 31,	2026
U.S. federal	$ (758)
U.S. state and local	179
Foreign:	
Canada	718
Brazil	448
India	124
China	110
Taiwan	92
Indonesia	90
Singapore	80
Japan	(139)
United Kingdom	(145)
All other foreign jurisdictions	440
Total foreign	1,818
Total income taxes paid, net of refunds	$ 1,239

Income taxes paid, net of refunds received, totaled $1.2 million during fiscal 2026. The amount paid in the United States reflects a net federal refund of $0.8 million received during the year with respect to prior year overpayments, which was partially offset by $0.2 million of state and local payments. Foreign income taxes paid of $1.8 million consist principally of withholding taxes deducted at the source by customers and licensees in jurisdictions where we do not maintain a direct operating presence. Individual jurisdictions in which net income taxes paid equaled or exceeded five percent of the total are presented separately in the table above; all remaining jurisdictions are reported in the aggregate.

The differences between income taxes at the statutory federal income tax rate and the consolidated income tax rate reported in our consolidated income statements and statements of comprehensive income were as follows.

YEAR ENDED AUGUST 31,	2026	
Income tax expense at federal statutory income tax rate	$ (1,484)	(21.0) %
State and local income taxes, net of federal effect[(1)]	(303)	(4.3)
Foreign tax effects:		
Japan — statutory rate differential	(192)	(2.7)
Japan — change in valuation allowance	942	13.3
Japan — other	26	0.4
Canada — statutory rate differential	(84)	(1.2)
Canada — other	244	3.5
Austria — statutory rate differential	6	0.1
Austria — change in valuation allowance	220	3.1
Germany — statutory rate differential	55	0.8
Germany — change in valuation allowance	(187)	(2.7)
China	38	0.5
Other foreign jurisdictions	60	0.8
Foreign withholding tax, net of foreign tax credits utilized	(150)	(2.1)
Effect of cross-border tax laws:		
Foreign-derived intangible income	291	4.1
Tax on unremitted earnings of foreign subsidiaries	(157)	(2.2)
Tax credits	20	0.3
Nontaxable or nondeductible items:		
Stock-based compensation	(1,143)	(16.1)
Non-deductible meals and entertainment	(273)	(3.9)
Other nontaxable or nondeductible items	(72)	(1.0)
	$ (2,143)	(30.3) %

(1) State and local income taxes in New York (including the New York State franchise tax and the related metropolitan transportation business tax surcharge), Georgia, New Jersey, Texas, South Carolina, and Minnesota together comprised greater than 50% of the tax effect in this category. The Texas amount represents the prior year Texas margin tax liability recognized upon filing of the fiscal 2025 return. The Texas margin tax is computed on a margin tax base and is accounted for as an income tax under ASC 740.

Fiscal 2025 and 2024 are presented in the format previously reported, as follows:

YEAR ENDED AUGUST 31,	2025	2024
Federal statutory income tax rate	(21.0) %	(21.0) %
State income taxes, net of federal effect	(9.8)	(4.0)
Valuation allowance	(24.2)	(3.5)
Foreign rate differential	8.8	1.6
Uncertain tax positions	3.6	(0.3)
Non-deductible executive compensation	(14.0)	(9.7)
Non-deductible meals and entertainment	(5.3)	(0.8)
Other stock-based compensation	3.6	7.7
Return to provision adjustments	8.7	0.8
Other	0.2	-
	(49.4) %	(29.2) %

Our effective income tax expense rate for fiscal 2026 of 30.3% was higher than the statutory tax rate primarily due to tax expense of $1.1 million for stock-based compensation for which no income tax benefit is available and $0.3 million for non-deductible meals and entertainment, together with $0.3 million of state and local income taxes, net of federal effect. These items were partially offset by a $1.0 million benefit in foreign tax effects, which included $0.8 million from changes in valuation allowances against deferred income tax assets in foreign jurisdictions.

Our effective income tax expense rate for fiscal 2025 of 49.4% was higher than the statutory tax rate primarily due to tax expense of $1.5 million for increases to the valuation allowance against our deferred income tax assets in some foreign jurisdictions and $0.9 million related to non-deductible executive compensation, which were partially offset by a $0.5 million benefit in tax differential on foreign income. Pre-tax income for fiscal 2025 was significantly lower than in prior years. As a result, certain permanent items such as valuation allowance adjustments and non-deductible expenses, had a proportionally larger impact on the effective tax rate than in periods with higher earnings.

Our effective income tax expense rate for fiscal 2024 of 29.2% was higher than the statutory tax rate primarily due to tax expense of $3.2 million for non-deductible executive compensation and a $1.2 million increase in the valuation allowance against our deferred income tax assets, which were partially offset by a $2.6 million benefit for stock-based compensation deductions in excess of the corresponding book expense and a $0.5 million benefit in tax differential on income subject to both U.S. and foreign taxes.

We are subject to the anti-deferral provisions on Global Intangible Low-Taxed Income (GILTI) under the Tax Cut and Jobs Act of 2017. We have elected to treat taxes due on future U.S. inclusions in taxable income related to GILTI as a current period expense when incurred (the Period Cost Method). We recorded no income tax expense in each of fiscal 2026, 2025 and 2024 under the GILTI provisions.

The significant components of our deferred tax assets and liabilities were as follows (in thousands):

AUGUST 31,	2026	2025
Deferred income tax assets:		
Net operating loss carryforward	$ 3,947	$ 4,460
Deferred revenue	4,421	3,892
Capitalized development costs	2,481	2,954
Stock-based compensation	1,846	2,457
Operating lease liabilities	1,594	1,509
Inventory and bad debt reserves	620	834
Bonus and other accruals	934	774
Self-constructed tangible assets	164	547
Foreign income tax credit carryforward	148	384
Property and equipment depreciation	5	346
Other	511	359
Total deferred income tax assets	16,671	18,516
Less: valuation allowance	(2,400)	(3,936)
Net deferred income tax assets	14,271	14,580
Deferred income tax liabilities:		
Intangibles step-ups – indefinite lived	(5,468)	(5,451)
Intangibles step-ups – finite lived	(994)	(1,291)
Intangible asset amortization	(4,320)	(4,218)
Deferred commissions	(4,348)	(4,109)
Operating lease right-of-use assets	(1,438)	(1,494)
Property and equipment depreciation	(569)	(1,157)
Unremitted earnings of foreign subsidiaries	(695)	(453)
Other	(1)	(167)
Total deferred income tax liabilities	(17,833)	(18,340)
Net deferred income taxes	$ (3,562)	$ (3,760)

Deferred income tax amounts are recorded as follows in our consolidated balance sheets (in thousands):

AUGUST 31,	2026	2025
Long-term assets	$ 1,144	$ 231
Long-term liabilities	(4,706)	(3,991)
Net deferred income tax liability	$ (3,562)	$ (3,760)

The deferred income tax assets and liabilities presented above for fiscal 2026 exclude the operations in China that were classified as held for sale on August 31, 2026, consistent with their presentation on our consolidated balance sheet. The

net deferred income tax asset of those operations of $0.2 million is included within assets held for sale as shown in Note 3 - *Assets Held for Sale*. The comparative amounts on August 31, 2025 include China, which was not classified as held for sale on that date.

Our U.S. federal net operating loss carryforwards were comprised of the following at August 31, 2026 (in thousands):

Loss Carryforward for Year Ended	Loss Carryforward Expires August 31,	Amount	Loss Deductions in Prior Years	Loss Deductions in Current Year	Operating Loss Carried Forward
Acquired NOL - Jhana					
December 31, 2016	2035	$ 3,053	$ (1,340)	$ (215)	$ 1,498
July 10, 2017	2036	1,117	-	-	1,117
		$ 4,170	$ (1,340)	$ (215)	$ 2,615

We have U.S. state net operating loss carryforwards generated in fiscal 2009 and before in various jurisdictions that expire primarily between September 1, 2026, and August 31, 2029. The U.S. state net operating loss carryforwards generated in fiscal 2019 through fiscal 2026 expire between August 31, 2029, and August 31, 2036, except in certain states, where the carryforwards generated in fiscal 2022 expire on August 31, 2042. The state net operating loss carryforwards acquired through the purchase of Jhana stock expire between August 31, 2034 and August 31, 2036.

During fiscal 2026, we utilized $1.9 million of foreign tax credits, consisting of $1.4 million generated during the year and $0.5 million carried forward from prior years. We had foreign tax credit carryforwards of $0.1 million remaining at August 31, 2026.

We monitor the operating results and financial performance of our foreign subsidiaries and establish or release valuation allowances against their deferred income tax assets as appropriate. During fiscal 2026, we recorded a net decrease in our total valuation allowance of $0.6 million, reflecting releases for certain foreign subsidiaries partially offset by additional allowances recorded for others. The valuation allowance at the beginning of fiscal 2026 includes a $0.2 million adjustment arising from the separate measurement of deferred income tax assets of our German, Swiss, and Austrian subsidiaries, which were previously measured on a combined basis. The same $0.2 million was released during fiscal 2026 as a result of that separate measurement and is included in deductions below. Because these amounts offset, the change in measurement basis had no effect on net deferred income tax assets or the provision for income taxes in any period. In addition, $0.9 million of valuation allowance relating to our operations in China was reclassified to assets held for sale at August 31, 2026. The valuation allowance at August 31, 2026, relates primarily to the losses of certain foreign subsidiaries which we expect will expire unused.

Activity in our deferred income tax asset valuation allowance was as follows for the periods indicated (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
Beginning balance	$ 3,936	$ 2,467	$ 1,313
Adjustment for separate measurement of combined foreign entities	220	-	-
Adjusted beginning balance	4,156	2,467	1,313
Charged to costs and expenses	336	1,497	1,250
Deductions	(1,172)	(28)	(96)
Reclassified to assets held for sale	(920)	-	-
Ending balance	$ 2,400	$ 3,936	$ 2,467

Except for the deferred tax assets subject to valuation allowances, we have determined that projected future taxable income is adequate to allow for realization of all deferred tax assets. We considered sources of taxable income, including reversals of taxable temporary differences, future taxable income exclusive of reversing temporary differences and carryforwards, and reasonable, practical tax-planning strategies to generate additional taxable income. Based on the factors described above, we concluded that realization of our deferred tax assets, except those subject to the valuation allowances described above, is more likely than not at August 31, 2026.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
Beginning balance	$ 1,333	$ 1,639	$ 1,618
Additions based on tax positions related to the current year	20	62	491
Additions for tax positions in prior years	5	30	73
Reductions for tax positions of prior years resulting from the lapse of applicable statute of limitations	(31)	(328)	(255)
Other reductions for tax positions of prior years	(181)	(70)	(288)
Ending balance	$ 1,146	$ 1,333	$ 1,639

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $0.9 million at August 31, 2026 and $1.1 million at August 31, 2025. We also have unrecognized tax benefits related to individual states' net operating loss carryforwards, the gross amount of which was $0.4 million at August 31, 2026, and $0.6 million at August 31, 2025. Interest and penalties related to uncertain tax positions are recognized as components of income tax expense. The net accruals and reversals of interest and penalties had an insignificant effect on our income tax expense in each of fiscal 2026, 2025 and 2024. The balance of interest and penalties included in other long-term liabilities on our consolidated balance sheets was $0.4 million at each of August 31, 2026, 2025 and 2024.

We file United States federal income tax returns as well as income tax returns in various states and foreign jurisdictions. The tax years that remain subject to examinations for our major tax jurisdictions are shown below.

2022-2026	Australia, Canada, and the United Kingdom
2021-2026	Japan, Singapore, Germany, Switzerland, and Austria
2021-2025	China (calendar years)
2025-2026	France
2022-2026	United States – state and local income tax
2023-2026	United States – federal income tax

During the fourth quarter of fiscal 2026, we committed to a plan to sell the shares of our China subsidiaries and classified the related assets and liabilities as held for sale. In connection with that classification we recorded a pre-tax loss of $0.2 million to write the disposal group down to its fair value less cost to sell. No income tax benefit was recognized for this charge because the write-down is not deductible for income tax purposes, and it is reported within nontaxable or nondeductible items in the rate reconciliation above. The sale had not closed as of August 31, 2026.

16. EARNINGS PER SHARE

The following schedule shows the components of the calculation of our earnings per share (EPS) for the periods indicated (in thousands, except per-share amounts).

YEAR ENDED AUGUST 31,	2026	2025	2024
Numerator for basic and diluted earnings per share:			
Net income	$ 4,923	$ 3,068	$ 23,402
Denominator for basic and diluted earnings per share:			
Basic weighted average shares outstanding	11,546	12,927	13,171
Effect of dilutive securities:			
Stock-based compensation awards	180	126	301
Diluted weighted average shares outstanding	11,726	13,053	13,472
EPS Calculations:			
Net income per share:			
Basic	$ 0.43	$ 0.24	$ 1.78
Diluted	0.42	0.24	1.74

17. SEGMENT INFORMATION

Reportable Segments

Our revenues are primarily comprised of training and consulting services and our internal reporting and operating structure is currently organized around two divisions: the Enterprise Division, which consists of our North America and International segments, and the Education Division, which is comprised of our Education practice. We have determined that our chief operating decision maker (CODM) is the CEO. Beginning with the first quarter of fiscal 2026, our CODM began to manage our business, allocate resources, and evaluate performance based on changes that were made in the Company's reporting and management structure. Accordingly, we realigned our reportable segments to correspond to these changes.

Our operations consist of three operating and reportable segments as described below:

- ***North America*** **–** Our North America segment has a depth of expertise in helping organizations solve problems that require changes in human behavior, including leadership, productivity, execution, trust, and sales performance. We have a variety of principle-based offerings that help build winning and profitable cultures. This segment includes our sales personnel and operations that serve the United States and Canada.

- ***International*** – Our International segment includes the operations of our international direct offices and international licensees. Our international direct offices provide the same offerings and content in countries outside of North America, which includes Australia, Austria, China, France, Germany, Ireland, Japan, New Zealand, Switzerland, and the United Kingdom. The independently owned international licensees provide our offerings and services in countries where we do not have a directly-owned office. Our licensee network allows us to expand the reach of our services to large multinational organizations as well as smaller organizations in their countries.

- ***Education Division*** **–** Centered around the principles found in *The Leader in Me*, the Education Division is dedicated to helping educational institutions build a culture that will produce great results. We believe these results are manifested by increases in student performance, improved school culture, decreased disciplinary issues, and increased teacher engagement and parental involvement. This segment includes our domestic and international Education practice operations, including our international Education licensees, which are focused on sales to educational institutions such as elementary schools, middle schools, high schools, and colleges and universities.

Our reportable segments reflect the structure of the Company's internal organization and the financial information the CODM regularly reviews to assess Company performance and allocate resources. The CODM reviews the performance of each segment using internal reports which provide variance analysis of actual results by segment compared to budget,

forecast, and the prior year. The primary measurement tool used in segment performance analysis is Adjusted EBITDA, which may not be calculated as similarly titled amounts disclosed by other companies. Prior period segment information has been recast to conform with the new reporting segment presentation described above.

Our operations are not capital intensive and we do not own any manufacturing facilities or equipment. Accordingly, we do not allocate assets to the divisions for analysis purposes. Interest expense and interest income are primarily generated at the corporate level and are not allocated. Income taxes are likewise calculated and paid on a corporate level (except for entities that operate in foreign jurisdictions) and are not allocated for analysis purposes.

Other segment items in the following tables consist primarily of other normal operating expenses such as computer software subscription expense, advertising and promotion costs, travel and entertainment expenses, and necessary overhead costs such as legal and rent and utilities expense.

Fiscal Year Ended August 31, 2026	North America	International	Education Division	Segment Total
Net revenue	$ 142,590	$ 40,078	$ 76,179	$ 258,847
Cost of revenue	27,006	9,264	27,852	64,122
Associate costs	78,790	18,682	33,034	130,506
Other segment items	11,271	4,279	7,271	22,821
Segment Adjusted EBITDA	$ 25,523	$ 7,853	$ 8,022	$ 41,398
Other revenues				2,608
Less:				
Unallocated corporate expenses[1]				15,122
Stock-based compensation				6,562
Restructuring costs				6,735
Building exit costs				1,359
Loss on assets held for sale				218
Gain on license obligation restructuring				(338)
Depreciation				4,642
Amortization				2,542
Income from operations				7,164
Interest income				212
Interest expense				(310)
Income before income taxes				$ 7,066
Reconciliation of revenue:				
Segment revenues	$ 258,847			
Other revenues[2]	2,608			
Consolidated revenue	$ 261,455			

Fiscal Year Ended August 31, 2025	North America	International	Education Division	Segment Total
Net revenue	$ 147,609	$ 40,455	$ 74,618	$ 262,682
Cost of revenue	25,008	9,160	26,883	61,051
Associate costs	81,591	19,911	32,400	133,902
Other segment items	13,612	6,327	7,151	27,090
Segment Adjusted EBITDA	$ 27,398	$ 5,057	$ 8,184	$ 40,639
Other revenues				4,385
Less:				
Unallocated corporate expenses[1]				16,267
Stock-based compensation				5,805
Restructuring costs				6,723
Building exit costs				2,067
Depreciation				4,066
Amortization				4,392
Income from operations				5,704
Interest income				928
Interest expense				(565)
Income before income taxes				$ 6,067
Reconciliation of revenue:				
Segment revenues	$ 262,682			
Other revenues[2]	4,385			
Consolidated revenue	$ 267,067			

Fiscal Year Ended August 31, 2024	North America	International	Education Division	Segment Total
Net revenue	$ 163,384	$ 44,763	$ 74,210	$ 282,357
Cost of revenue	26,964	9,162	26,681	62,807
Associate costs	77,451	20,903	31,214	129,568
Other segment items	12,328	5,606	6,504	24,438
Segment Adjusted EBITDA	$ 46,641	$ 9,092	$ 9,811	$ 65,544
Other revenues				4,876
Less:				
Unallocated corporate expenses[1]				15,147
Stock-based compensation				10,142
Restructuring costs				3,008
Impaired asset				928
Depreciation				3,905
Amortization				4,248
Income from operations				33,042
Interest income				1,123
Interest expense				(1,119)
Income before income taxes				$ 33,046
Reconciliation of revenue:				
Segment revenues	$ 282,357			
Other revenues[2]	4,876			
Consolidated revenue	$ 287,233			

(1) Unallocated corporate expenses primarily consist of administrative overhead expenses.

(2) Other revenues consist of shipping and handling revenue, leasing revenue (prior to fiscal 2026), and royalty revenue from Franklin Planner Corp.

Disaggregated Revenue

Our revenues are derived primarily from the United States. However, we also operate directly-owned offices or contract with licensees to provide our services in various countries throughout the world. Our consolidated revenues were derived from the following countries/regions (in thousands):

YEAR ENDED AUGUST 31,	2026	2025	2024
Americas	$ 222,095	$ 226,757	$ 242,494
Asia Pacific	21,385	23,074	26,845
Europe/Middle East/Africa	17,975	17,236	17,894
	$ 261,455	$ 267,067	$ 287,233

The following table presents our revenue disaggregated by our significant revenue generating activities. Subscription revenue includes sales of our All Access Pass and *Leader In Me* membership offerings including executive coaching and Education training and coaching days that are invoiced in one lump sum when contracted with a *Leader In Me* membership. Sales of services and products include training and consulting services and related products such as training manuals, classroom materials, and contractually committed materials and services sold in connection with an All Access Pass. Education training and coaching days not invoiced when contracted with the Leader in Me membership are also included in services and products sales. We receive royalty revenue from our international licensees and from other sources such as book publishing arrangements. Corporate royalties are amounts received from Franklin Planner Co. pursuant to a licensing arrangement. Leases and Other revenue is primarily comprised of lease revenues from sub-leases for space at our previous corporate headquarters campus (prior to fiscal 2026) and from shipping and handling revenues (in thousands).

Fiscal Year Ended August 31, 2026	Services and Products	Subscriptions	Royalties	Leases and Other	Total
Enterprise Division:					
North America	$ 53,198	$ 88,182	$ 1,210	$ -	$ 142,590
International	19,773	11,195	9,110	-	40,078
	72,971	99,377	10,320	-	182,668
Education Division	21,548	50,633	3,998	-	76,179
Other revenues	-	-	1,193	1,415	2,608
Consolidated	$ 94,519	$ 150,010	$ 15,511	$ 1,415	$ 261,455

Fiscal Year Ended August 31, 2025					
Enterprise Division:					
North America	$ 54,872	$ 91,173	$ 1,564	$ -	$ 147,609
International	19,778	10,877	9,800	-	40,455
	74,650	102,050	11,364	-	188,064
Education Division	24,697	45,854	4,067	-	74,618
Other revenues	-	-	1,156	3,229	4,385
Consolidated	$ 99,347	$ 147,904	$ 16,587	$ 3,229	$ 267,067

Fiscal Year Ended August 31, 2024					
Enterprise Division:					
North America	$ 66,484	$ 95,240	$ 1,660	$ -	$ 163,384
International	23,700	11,075	9,988	-	44,763
	90,184	106,315	11,648	-	208,147
Education Division	28,349	41,605	4,256	-	74,210
Other revenues	-	-	1,253	3,623	4,876
Consolidated	$ 118,533	$ 147,920	$ 17,157	$ 3,623	$ 287,233

Inter-segment sales were immaterial for the periods presented and were eliminated in consolidation.

Other Geographic Information

As of August 31, 2026, we had wholly-owned direct offices that serve clients in Australia, Austria, China, France, Germany, Ireland, Japan, New Zealand, Switzerland, and the United Kingdom. Our long-lived assets, excluding intangible assets and goodwill, were held in the following locations for the periods indicated (in thousands):

AUGUST 31,	2026	2025
United States/Canada	$ 41,798	$ 45,682
Japan	1,239	390
United Kingdom	384	496
Germany, Switzerland, and Austria	247	2
Australia	34	30
China	-	1,064
	$ 43,702	$ 47,664

18. RELATED PARTY TRANSACTIONS

CoveyLink Worldwide, LLC

We previously acquired the assets of CoveyLink Worldwide, LLC (CoveyLink). CoveyLink conducts training and provides consulting based upon the content found in the books *The Speed of Trust* and *Trust & Inspire*, which are authored by Stephen M.R. Covey, who is the brother of one of our executive officers.

Prior to the acquisition date, CoveyLink had granted us a non-exclusive license for content related to *The Speed of Trust* book and derivative works such as *Trust & Inspire*, and related training courses for which we paid CoveyLink specified

royalties. As part of the CoveyLink acquisition, we signed an amended and restated license for intellectual property that granted us an exclusive, perpetual, worldwide, transferable, royalty-bearing license to use, reproduce, display, distribute, sell, prepare derivative works of, and perform the licensed material in any format or medium and through any market or distribution channel. We are required to pay Stephen M.R. Covey royalties for the use of certain intellectual property developed by him. The amount expensed for these royalties totaled $1.7 million in each of the fiscal years ended August 31, 2026, 2025, and 2024. As part of the acquisition of CoveyLink, we signed an amended license agreement as well as a speaker services agreement. Based on the provisions of the speaker services agreement, we pay Stephen M.R. Covey a portion of the speaking revenues received for his presentations. We expensed $1.2 million, $1.0 million, and $1.0 million for payment on these presentations during the fiscal years ended August 31, 2026, 2025 and 2024. We had $0.3 million and $0.5 million accrued for these royalties and speaking fees at August 31, 2026 and 2025, respectively, which were included as components of accrued liabilities in our consolidated balance sheets.

Other Related Party Transactions

We pay an executive officer of the Company a percentage of the royalty proceeds received from the sales of certain books authored by him in addition to his annual salary. During each of the fiscal years ended August 31, 2026, 2025 and 2024, we expensed $0.1 million for these royalties. We had an insignificant amount and $0.1 million accrued to this executive officer at August 31, 2026 and 2025 as payable under the terms of these arrangements. These amounts are included as components of accrued liabilities in our consolidated balance sheets.

We pay a company owned by the brother of a member of our executive management team for the production of video segments used in our offerings. During the fiscal year ended August 31, 2026, we paid $1.4 million for services provided. During the fiscal years ended August 31, 2025 and 2024, we paid $0.4 million and $0.2 million for services provided. The increase in fiscal 2026 reflects our expanded use of this company for video production in our current offerings.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed with the objective of ensuring that information required to be disclosed in the Company's reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

An evaluation was conducted under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of the end of the period covered by this report.

Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

The management of Franklin Covey Co. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company (including its consolidated subsidiaries) and all related information appearing in the Company's Annual Report on Form 10-K. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
2. provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of management and/or of our Board of Directors; and
3. provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth in *Internal Control—Integrated Framework* as issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework). Based upon this evaluation, our management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K.

Our independent registered public accounting firm, Deloitte & Touche LLP, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of their audit, has issued an audit report, included herein, on the effectiveness of our internal control over financial reporting. Their report is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f)) during the fourth quarter ended August 31, 2026 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

During the three months ended August 31, 2026, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as each term is identified in Item 408 of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Certain information required by this Item is incorporated by reference to the sections entitled "Nominees for Election to the Board of Directors," "Delinquent Section 16(a) Reports," "Corporate Governance," and "Board of Director Committees and Meetings" in our definitive Proxy Statement for the annual meeting of shareholders, which is scheduled to be held on January 29, 2027. The definitive Proxy Statement will be filed with the SEC pursuant to Regulation 14A of the Exchange Act. Executive officer biographies may be found in Item 1, under the section entitled "Information About Our Executive Officers," of this Annual Report on Form 10-K.

The Board of Directors has determined that two of the Audit Committee members, Mr. Efrain Rivera and Mr. Donald J. McNamara, are "financial experts" as defined in Regulation S-K 407(d)(5) adopted under the Securities Exchange Act of 1934, as amended. Our Board of Directors has also determined that Mr. Rivera and Mr. McNamara are "independent directors" as defined by the NYSE.

We have adopted a code of ethics for our senior financial officers that include the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, and other members of our financial leadership team. This code of ethics is available on our website at www.franklincovey.com. We intend to satisfy any disclosure requirements under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of this Code of Business Conduct and Ethics by posting such information on our website at the address and location specified above.

We have adopted an Insider Trading Policy governing transactions in our securities by our directors, officers, associates, and contract personnel that our management believes is reasonably designed to promote compliance with insider trading laws, rules, and regulations, and applicable listing standards of the NYSE. Although we have not adopted a formal policy governing insider trading restrictions on the Company itself, as a matter of practice the Company observes similar best practices and procedures with respect to transactions by the Company in its securities, including not transacting in its securities when in possession of material non-public information. The foregoing summary of the Insider Trading Policy does not purport to be complete and is qualified in its entirety by reference to the full text of the Insider Trading Policy attached hereto as Exhibit 19.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the sections entitled "Compensation Discussion and Analysis," "Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report" in our definitive Proxy Statement for the annual meeting of shareholders, which is scheduled to be held on January 29, 2027.

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

Securities Authorized for Issuance Under Equity Compensation Plans

Plan Category	[a] Number of securities to be issued upon exercise of outstanding options, warrants, and rights (in thousands)	[b] Weighted-average exercise price of outstanding options, warrants, and rights	[c] Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column [a]) (in thousands)
Equity compensation plans approved by security holders	989 (1)(2)	$ -	798 (3)(4)

(1) Excludes 40,446 shares of unvested stock awards that are subject to forfeiture.

(2) Amount includes 989,443 performance share awards that may be awarded under the terms of various long-term incentive plans. The number of shares eventually awarded to participants through some of our long-term incentive plans is variable and based upon the achievement of specified financial goals. For performance-based compensation awards where the number of shares may fluctuate within a range based on the achievement of the specified goal, this

amount includes the maximum number of shares that may be awarded to participants. The actual number of shares issued to participants therefore, may be less than the amount disclosed. At August 31, 2026 we did not have any unexercised stock options outstanding. For further information on our stock-based compensation plans, refer to the notes to our financial statements as presented in Item 8 of this report.

(3) Amount is comprised of the remaining shares authorized under our 2022 Omnibus Incentive Plan and 2017 Employee Stock Purchase Plan. The number of performance-based plan shares expected to be awarded at August 31, 2026 may change in future periods based upon the achievement of specified goals and revisions to estimates.

(4) At August 31, 2026, we had approximately 546,000 shares authorized for purchase by participants in our Employee Stock Purchase Plan.

Beneficial Ownership of Company Stock

The remaining information required by this Item is incorporated by reference to the section entitled "Principal Holders of Voting Securities" in our definitive Proxy Statement for the annual meeting of shareholders, which is scheduled to be held on January 29, 2027.

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

The information required by this Item is incorporated by reference to the section entitled "Certain Relationships and Related Transactions" and "Corporate Governance" in our definitive Proxy Statement for the annual meeting of shareholders, which is scheduled to be held on January 29, 2027.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference to the section entitled "Principal Accountant Fees" in our definitive Proxy Statement for the annual meeting of shareholders, which is scheduled to be held on January 29, 2027.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) List of documents filed as part of this report:

1. *Financial Statements.* The consolidated financial statements of the Company and Report of Independent Registered Public Accounting Firm thereon included in the Annual Report to Shareholders on Form 10-K for the year ended August 31, 2026, are as follows:

   Report of Independent Registered Public Accounting Firm

   Consolidated Balance Sheets at August 31, 2026 and 2025

   Consolidated Income Statements and Statements of Comprehensive Income for the fiscal years ended August 31, 2026, 2025, and 2024

   Consolidated Statements of Cash Flows for the fiscal years ended August 31, 2026, 2025, and 2024

   Consolidated Statements of Shareholders' Equity for the fiscal years ended August 31, 2026, 2025, and 2024

   Notes to Consolidated Financial Statements

2. *Financial Statement Schedules.*

   Other financial statement schedules are omitted because they are not required or applicable, or the required information is shown in the financial statements or notes thereto, or contained in this report.

3. *Exhibit List.*

Exhibit No.	Exhibit	Incorporated By Reference	Filed Herewith
2.1	Stock Purchase Agreement by and among the stockholders of Strive Talent, Inc., William James Houghteling as the Stockholder Representative, and Franklin Covey Client Sales, dated as of April 26, 2021	(12)	
3.1	Articles of Restatement dated March 4, 2005 amending and restating the Company's Articles of Incorporation	(4)	
3.2	Amendment to Amended and Restated Articles of Incorporation of Franklin Covey	(5)	
3.3	Amended and Restated Bylaws of Franklin Covey Co.	(7)	
4.1	Specimen Certificate of the Registrant's Common Stock, par value $.05 per share	(2)	
4.2	Stockholder Agreements, dated May 11, 1999 and June 2, 1999	(3)	
4.3	Registration Rights Agreement, dated June 2, 1999	(3)	
4.4	Description of Securities Registered Under Section 12 of the Exchange Act	(11)	
10.1*	Forms of Nonstatutory Stock Options	(1)	
10.2	Asset Purchase Agreement by and Among Covey/Link, LLC, CoveyLink Worldwide LLC, Franklin Covey Co., and Franklin Covey Client Sales, Inc. dated December 31, 2008	(6)	
10.3	Amended and Restated License of Intellectual Property by and Among Franklin Covey Co. and Covey/Link, LLC, dated December 31, 2008	(6)	
10.4*	Form of Change in Control Severance Agreement	(8)	
10.5*	Franklin Covey Co. 2017 Employee Stock Purchase Plan	(9)	
10.6*	Franklin Covey Co. 2019 Omnibus Incentive Plan	(10)	
10.7*	Franklin Covey Co. 2022 Omnibus Incentive Plan	(13)	
10.8	Credit Agreement by and between KeyBank National Association and Franklin Covey Co., dated March 27, 2023	(14)	
10.9	Security Agreement by and among KeyBank National Association and the subsidiary guarantors party thereto, dated March 27, 2023	(14)	
10.10*	Amendment No. 1 to the Franklin Covey Co. 2022 Omnibus Incentive Plan	(15)	
10.11*	Form of Indemnification Agreement	(16)	
10.12*	Transition and Separation Agreement between Colleen Dom and Franklin Covey Co.		**
19	Insider Trading Policy	(17)	
21	Subsidiaries of the Registrant		**
23	Consent of Independent Registered Public Accounting Firm		**
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer		**
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer		**
32	Section 1350 Certifications		**
97*	Franklin Covey Co. Incentive Compensation Recovery Policy	(17)	
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document		**
101.SCH	Inline XBRL Taxonomy Extension Schema		**
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase		**
101.DEF	Inline Taxonomy Extension Definition Linkbase		**
101.LAB	Inline Taxonomy Extension Label Linkbase		**
101.PRE	Inline Extension Presentation Linkbase		**
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)		**

(1) Incorporated by reference to Registration Statement on Form S-1 filed with the Commission on April 17, 1992, Registration No. 33-47283.
(2) Incorporated by reference to Amendment No. 1 to Registration Statement on Form S-1 filed with the Commission on May 26, 1992, Registration No. 33-47283.
(3) Incorporated by reference to Schedule 13D (CUSIP No. 534691090 as filed with the Commission on June 14, 1999). Registration No. 005-43123.
(4) Incorporated by reference to Report on Form 8-K filed with the Commission on March 10, 2005.##
(5) Incorporated by reference to the Definitive Proxy Statement on Form DEF 14A (Appendix C) filed with the Commission on December 12, 2005.##
(6) Incorporated by reference to Report on Form 10-Q filed with the Commission on April 9, 2009.##
(7) Incorporated by reference to Report on Form 8-K filed with the Commission on February 1, 2012.##
(8) Incorporated by reference to Report on Form 8-K filed with the Commission on March 14, 2012.##
(9) Incorporated by reference to the Definitive Proxy Statement on Form DEF 14A (Appendix A) filed with the Commission on December 22, 2017.##
(10) Incorporated by reference to the Definitive Proxy Statement on Form DEF 14A (Appendix A) filed with the Commission on December 20, 2018.##
(11) Incorporated by reference to Report on Form 10-K/A filed with the Commission on December 2, 2019.##
(12) Incorporated by reference to Report on Form 8-K filed with the Commission on April 29, 2021.##
(13) Incorporated by reference to Report on Form 8-K filed with the Commission on January 14, 2022.##
(14) Incorporated by reference to Report on Form 8-K filed with the Commission on March 30, 2023.##
(15) Incorporated by reference to Report on Form 8-K filed with the Commission on January 24, 2025.##
(16) Incorporated by reference to Report on Form 10-Q filed with the Commission on July 8, 2025.##
(17) Incorporated by reference to Report on Form 10-K filed with the Commission on November 12, 2024.##

** Filed herewith and attached to this report.
* Indicates a management contract or compensatory plan or agreement.
Registration No. 001-11107.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 12, 2026.

FRANKLIN COVEY CO.

By: /s/ Paul S. Walker
Paul S. Walker
President and Chief Executive Officer

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

Signature	Title	Date
/s/ Robert A. Whitman Robert A. Whitman	Chairman of the Board of Directors	November 12, 2026
/s/ Anne H. Chow Anne H. Chow	Director	November 12, 2026
/s/ Craig Cuffie Craig Cuffie	Director	November 12, 2026
/s/ Donald J. McNamara Donald J. McNamara	Director	November 12, 2026
/s/ Nancy Phillips Nancy Phillips	Director	November 12, 2026
/s/ Efrain Rivera Efrain Rivera	Director	November 12, 2026
/s/ Derek van Bever Derek van Bever	Director	November 12, 2026
/s/ Paul S. Walker Paul S. Walker	President, Chief Executive Officer, and Director	November 12, 2026
/s/ Jessica G. Betjemann Jessica G. Betjemann	Chief Financial Officer	November 12, 2026
/s/ A. Derek Hatch A. Derek Hatch	Chief Accounting Officer	November 12, 2026

Exhibit 10.12

TRANSITION AND SEPARATION AGREEMENT AND GENERAL RELEASE

This Transition and Separation Agreement and General Release (hereinafter "Transition Agreement") is offered to Colleen Dom (hereinafter "Employee") this 9th day of November, 2026 by Franklin Covey Client Sales, Inc. (hereinafter "FranklinCovey") (collectively, the "Parties"). 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. Continued Employment through Transition Period. As consideration for the Release set forth in Paragraph 3 of this Agreement, FranklinCovey will provide Employee with a fixed term of continued employment through June 1, 2027 ("Transition Period") provided Employee signs this Transition Agreement and does not revoke the Release in Paragraph 3. Employee's job duties and responsibilities with FranklinCovey during the Transition Period will include 1) performance of her existing job duties and responsibilities; 2) transferring knowledge and handing off responsibilities to those designated by management; and 3) advising the Company of all material information about any matters relating to her division and scope of authority. Employee agrees to give assistance and cooperation willingly in any and all matters relating to her experience, as FranklinCovey may request, including but not limited to providing information concerning, or assistance with, transitioning of Employee's duties during the Transition Period (collectively, the "Transition Job Duties"). Employee shall be paid her current salary (less all customary federal, state, and local taxes and other withholdings) during the Transition Period. Such amounts shall be paid through FranklinCovey's standard payroll practices. Employee is responsible for timely submitting any outstanding reimbursements in accordance with FranklinCovey's policies. Any reimbursement requests that are not timely submitted shall be denied.

2. Transition and Separation Benefits and Obligations.

a. Transition Period. Employee must abide by all FranklinCovey policies and procedures during the Transition Period. FranklinCovey reserves the right to end the Transition Period early under the following circumstances:

i. *For cause*: If Employee violates any FranklinCovey policies, fails to perform the Transition Job Duties as set forth in paragraph 1, or otherwise engages in any behavior or activity that constitutes misconduct, Employee's employment will be immediately terminated, and she shall not be eligible for the Severance Benefits outlined in this Transition Agreement and Exhibit A.

ii. *Without cause*: FranklinCovey may end the Transition Period at any time without cause, in which instance, Employee's employment will terminate immediately but Employee will be paid her current salary (less all customary federal, state, and local taxes and other withholdings) through June 1, 2027 and will be eligible for the Severance Benefits outlined in this Transition Agreement and Exhibit A.

b. Severance Benefits: In addition to any compensation otherwise due to Employee, and in exchange for Employee's second release of claims at the end of the Transition Period, and provided Employee remains continuously employed by FranklinCovey through the Transition Period (or is terminated Without Cause, pursuant to Section 2(a)(ii) above), and provided Employee satisfies the other conditions in this Transition Agreement, FranklinCovey will provide Employee with the Severance Benefits set forth in Exhibit A.

3. Release. In exchange for the benefits described in this Transition Agreement, 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 Employee, 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 Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, Worker Adjustment and Retraining Notification Act of 1988, the Equal Pay Act, the Family and Medical Leave Act, the Utah Labor Code, the Utah Antidiscrimination Act (Utah Code Ann. § 34A-5-101 et seq.), the Utah Employment Relations and Collective Bargaining Act (Utah Code §§ 34-20-1 to 34-20-13), the Utah Right to Work Law (Utah Code §§ 34-34-1 to 34-34-17), the Utah Drug and Alcohol Testing Act (Utah Code §§ 34-38-1 to 34-38-15), the Utah Local Governmental Entity/Drug-Free Workplace Policies Act (Utah Code §§ 34-41-101 to 34-41-107), the Utah Protection of Activities in Private Vehicles Act (Utah Code §§34-45-101 to 34-45-107), the Utah Employment Selection Procedures Act (Utah Code §§ 34-46-101 to 34-46-302), the Utah Occupational Safety and Health Act (Utah Code §§ 34A-6-101 to 34A-6-307), the Utah Genetic Information Privacy Act, each as amended, and any other local, state or federal laws, including amendments to each (collectively hereinafter referred to as "Released Claims"), excepting only any claim that cannot be released as a matter of law, including workers' compensation, unemployment compensation, and COBRA rights claims. Employee does not waive or release any rights arising after the date of execution of this Agreement.

Nothing in this Transition Agreement prohibits Employee from reporting possible violations of federal or state law to the applicable government entity, including but not limited to the Equal Opportunity Employment Commission, the Department of Justice, the Securities and Exchange Commission, or the National Labor Relations Board. However, Employee's release of claims in this Section 3 waives any alleged right to recover any monetary damages or other legal or equitable relief awarded as a result of any such proceedings in connection with any Released Claims.

4. Employee Obligations and Covenants to FranklinCovey.

a. Return of FranklinCovey Property: All FranklinCovey property issued to or in Employee's possession must be returned to FranklinCovey by August 31, 2027 or earlier if requested by FranklinCovey. FranklinCovey property includes, without limitation, access cards, keys, computers, software, electronic files, cellular phones, databases, reports, manuals, drafts, records, marketing information, correspondence, discs, hard drives, client lists, books, credit cards, recordings, passwords, other computer data, etc.

c. Confidentiality: During Employee's employment, Employee has obtained information or knowledge that is confidential and/or proprietary in nature concerning FranklinCovey's business, operations, services, products, clients, or equipment. Employee hereby acknowledges that Employee remains subject to and agrees to abide by any and all existing duties and obligations respecting confidential business and/or proprietary information of FranklinCovey. Employee covenants and agrees not to disclose or assist others in using or disclosing any proprietary information or documents, including, without limitation, customer lists, vendor and supplier lists, internal product information, or any other confidential or proprietary information to compete or to assist others to compete, either directly or indirectly, with the business of FranklinCovey. Nothing in this provision shall prevent Employee from making truthful statements under oath in connection with any government agency's investigation, making truthful statements as a witness in a proceeding by a court of competent jurisdiction, making truthful statements to an administrative agency, or from disclosing truthful statements for any other purpose required by law.

5. Compliance with Older Workers Benefit Protection Act & Age Discrimination in Employment 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 Transition Agreement. Employee acknowledges and represents that Employee has had the opportunity to consult with an attorney before signing this Transition Agreement, and Employee either has done so, or has voluntarily chosen not to consult with an attorney. Employee acknowledges and represents that this Transition Agreement is written in a manner that is understandable, and that this Transition 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 Transition 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 Transition 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 Transition Agreement (the "Consideration Period") and that this Transition Agreement will remain available for acceptance by Employee for this twenty-one (21) day Consideration Period, commencing on the date this Transition 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 / revoke this Transition Agreement for a period of seven (7) days following the date upon which Employee timely executes this Transition 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 this 7-day revocation period.

e. It is understood and agreed by the Parties hereto that if Employee timely exercises Employee's right of revocation under Section 5.d., FranklinCovey shall have no obligations whatsoever under this Transition Agreement to Employee and that all of the obligations, representations, and warranties made by FranklinCovey in this Transition Agreement shall be null and void.

6. **Non-Assignment of Rights**. Employee warrants that Employee has not assigned or transferred any right or claim described in the general release given in Section 3 above.

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

8. **Modification**. No provision of this Transition 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 Transition Agreement, that no representations other than those contained herein have been made to induce Employee or to influence Employee to execute this Transition Agreement, but that Employee executes this Transition Agreement knowingly and voluntarily, after having been advised to seek independent legal counsel of Employee's own choosing.

10. **Severability**. If any provision of this Transition 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 Transition Agreement shall remain in full force and effect and be enforceable in accordance with the non-severed provisions of this Transition Agreement.

11. **Integration**. This Transition Agreement contains the entire agreement between the Parties and supersedes all prior agreements. This Transition Agreement shall not be amended or otherwise modified in any manner except in a writing and 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 Transition Agreement.

12. **Rights of Non-Parties**. All persons or entities against whom claims are released or waived by this Transition Agreement are either party to, or intended beneficiaries of, this Transition Agreement and shall have the same right and ability to enforce the release or waiver provided by this Transition 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 Transition Agreement is written in a manner understandable to Employee.

14. **Binding Against Heirs**. This Transition Agreement is binding upon the Parties hereto and their heirs, successors, and assigns.

15. **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 Transition 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 Transition Agreement.

16. **Signature by Counterparts**. This Transition 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 Transition Agreement.

17. **Employee Acknowledgement & Waiver**. Employee agrees and acknowledges that Employee has been provided with a reasonable and sufficient Consideration Period within which to consider whether or not to accept this Transition Agreement. To the extent Employee chooses to sign this Transition Agreement before the Consideration Period expires, Employee hereby knowingly and voluntarily waives any further time for consideration.

ACCEPTED AND AGREED:

Date: 11/10/2026

/s/ Colleen Dom
EMPLOYEE

FRANKLIN COVEY CLIENT SALES, INC.

Date: 11/10/2026

By: /s/ Stephanie Talbot

Its: SVP, People Services

EXHIBIT A

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (hereinafter "Agreement") is offered to Colleen Dom (hereinafter "Employee") this 1st day of June, 2027 by Franklin Covey Client Sales, Inc. (hereinafter "FranklinCovey") (collectively, the "Parties"). 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. Termination. Employee's employment with FranklinCovey will be terminated effective June 1, 2027 ("Termination Date"), and all of Employee's job duties and responsibilities with FranklinCovey will cease on June 1, 2027. Employee shall receive regular salary, wages, and commissions, if applicable (less all customary federal, state, and local taxes and other withholdings), earned through the Termination Date. Such amounts shall be paid through FranklinCovey's standard payroll practices. Employee is responsible for timely submitting any outstanding reimbursements in accordance with FranklinCovey's policies. Any reimbursement requests that are not timely submitted shall be denied.

2. Severance Benefits.

a. Severance Payment: In addition to any compensation otherwise due to Employee, and in exchange for Employee's release of claims set forth in Section 3 of this Agreement, Employee shall receive severance compensation in the gross amount of $97,843.87 ("the Severance Payment"). The Severance Payment shall be payable in a single lump sum amount (less all customary federal, state, and local taxes and other withholdings that 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 Section 5.d. herein. Employee shall not be entitled to accrue any additional leave or other benefits subsequent to the Termination Date.

b. Enhanced Severance Benefits

(i) Short Term Incentive Plan: In exchange for Employee's release of claims set forth in Section 3 of this Agreement, FranklinCovey will allow employee to remain eligible for her 2027 Short Term Incentive Plan ("STIP") award as if Employee had remained employed through August 31, 2027. Any STIP award shall be paid according to the STIP plan documents and shall be determined by the Company's 2027 STIP attainment set forth therein. For clarity, if the STIP attainment as set forth in the STIP plan documents are not met, Employee will not be entitled to any 2027 STIP award.

(ii)Achiever's Club Award: In exchange for Employee's release of claims set forth in Section 3 of this Agreement, FranklinCovey will allow Employee to remain eligible for a Fiscal Year 2027 Achiever's Club Award as if Employee had remained employed through August 31, 2027. Any Achiever's Club Award shall be paid according to the Fiscal Year Achiever's Club documents and shall be determined by the Company's Fiscal Year 2027 Achiever's Club attainment goals set forth in the Achiever's Club document. For clarity, if the Achiever's Club attainment goals are not met, Employee will not be entitled to any Fiscal Year 2027 Achiever's Club Award.

3. Release. In exchange for the Severance Benefits described in Section 2 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 Employee, 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 Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Older Workers Benefit

Protection Act, the Americans with Disabilities Act, the Worker Adjustment and Retraining Notification Act of 1988, the Equal Pay Act, the Family and Medical Leave Act, the Utah Labor Code, the Utah Antidiscrimination Act (Utah Code Ann. § 34A-5-101 et seq.), the Utah Employment Relations and Collective Bargaining Act (Utah Code §§ 34-20-1 to 34-20-13), the Utah Right to Work Law (Utah Code §§ 34-34-1 to 34-34-17), the Utah Drug and Alcohol Testing Act (Utah Code §§ 34-38-1 to 34-38-15), the Utah Local Governmental Entity/Drug-Free Workplace Policies Act (Utah Code §§ 34-41-101 to 34-41-107), the Utah Protection of Activities in Private Vehicles Act (Utah Code §§34-45-101 to 34-45-107), the Utah Employment Selection Procedures Act (Utah Code §§ 34-46-101 to 34-46-302), the Utah Occupational Safety and Health Act (Utah Code §§ 34A-6-101 to 34A-6-307), the Utah Genetic Information Privacy Act, each as amended, and any other local, state or federal laws, including amendments to each (collectively hereinafter referred to as "Released Claims"), excepting only any claim that cannot be released as a matter of law, including workers' compensation, unemployment compensation, and COBRA rights claims. Employee does not waive or release any rights arising after the date of execution of this Agreement.

Nothing in this Agreement prohibits Employee from reporting possible violations of federal or state law to the applicable government entity, including but not limited to the Equal Opportunity Employment Commission, the Department of Justice, the Securities and Exchange Commission, or the National Labor Relations Board. However, Employee's release of claims in this Section 3 waives any alleged right to recover any monetary damages or other legal or equitable relief awarded as a result of any such proceedings in connection with any Released Claims.

4. Employee Obligations and Covenants to FranklinCovey.

a. 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 long-distance charges, credit card charges, store purchases, and any overpayments made to Employee.

b. Return of FranklinCovey Property: All FranklinCovey property issued to or in Employee's possession must be returned to FranklinCovey on or before August 31, 2027. FranklinCovey property includes, without limitation, access cards, keys, computers, software, electronic files, cellular phones, databases, reports, manuals, drafts, records, marketing information, correspondence, discs, hard drives, client lists, books, credit cards, recordings, passwords, other computer data, etc.

c. Confidentiality: During Employee's employment, Employee has obtained information or knowledge that is confidential and/or proprietary in nature concerning FranklinCovey's business, operations, services, products, clients, or equipment. Employee hereby acknowledges that Employee remains subject to and agrees to abide by any and all existing duties and obligations respecting confidential business and/or proprietary information of FranklinCovey. As a condition of receiving the Severance Benefits set forth in Section 2 above, Employee covenants and agrees not to disclose or assist others in using or disclosing any proprietary information or documents, including, without limitation, customer lists, vendor and supplier lists, internal product information, or any other confidential or proprietary information to compete or to assist others to compete, either directly or indirectly, with the business of FranklinCovey. Nothing in this provision shall prevent Employee from making truthful statements under oath in connection with any government agency's investigation, making truthful statements as a witness in a proceeding by a court of competent jurisdiction, making truthful statements to an administrative agency, or from disclosing truthful statements for any other purpose required by law.

d. Future Cooperation: Employee agrees to cooperate fully with the Company with respect to any investigations, legal proceedings, or inquiries from management relating to Employee's transition of responsibilities and job duties. Employee agrees to remain available to participate in such matters, and, if necessary, provide testimony for pending legal proceedings. FranklinCovey will reimburse pre-approved out-of-pocket expenses incurred as a result of Employee's cooperation under this provision.

5. Compliance with Older Workers Benefit Protection Act & Age Discrimination in Employment 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 that 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 (the "Consideration Period") and that this Agreement will remain available for acceptance by Employee for this twenty-one (21) day Consideration 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 / revoke this Agreement for a period of seven (7) days following the date upon which Employee timely 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 this 7-day revocation period.

e. It is understood and agreed by the Parties hereto that if Employee timely exercises Employee's right of revocation under Section 5.d., 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.

6. **Non-Assignment of Rights**. Employee warrants that Employee has not assigned or transferred any right or claim described in the general release given in Section 3 above.

7. **No Reliance on Extraneous Information**. Employee acknowledges that, in signing this Agreement, Employee is not relying on any extraneous 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. **Severability**. 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 and 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. **Binding Against Heirs**. This Agreement is binding upon the Parties hereto and their heirs, successors, and assigns.

15. **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.

16. **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.

17. **Employee Acknowledgement & Waiver**. Employee agrees and acknowledges that Employee has been provided with a reasonable and sufficient Consideration Period within which to consider whether or not to accept this Agreement. To the extent Employee chooses to sign this Agreement before the Consideration Period expires, Employee hereby knowingly and voluntarily waives any further time for consideration.

ACCEPTED AND AGREED:

Date: _____

EMPLOYEE

FRANKLIN COVEY CLIENT SALES, INC.

Date: By: _____

Its: _____

This agreement will not be valid unless signed by both parties on or after June 1, 2027.

Exhibit 21

FRANKLIN COVEY CO.

Subsidiaries

Domestic:
Franklin Development Corporation (a Utah corporation)
Franklin Covey Travel, Inc. (a Utah corporation)
Franklin Covey Client Sales, Inc. (a Utah corporation)

International:
Franklin Covey Canada, Ltd. (a Canada corporation)
Franklin Covey Europe, Ltd. (England, Wales)
Franklin Covey Leadership Limited (Ireland)
Franklin Covey Proprietary Limited (Queensland, Australia)
Franklin Covey Japan Co. Ltd. (Japan)
Franklin Covey de Mexico, S. de R.L. de C.V. (Mexico)
Franklin Covey International Pte. Ltd. (Singapore)
Franklin Covey Business Consulting Shanghai Ltd. (China)
Franklin Covey Business Consultation Beijing Ltd. (China)
Franklin Covey (Shenzhen) Ltd. (China)
Shen Zhen Covey Enterprise Management & Consulting Ltd. (China)
Franklin Covey Germany GmbH (Germany)
Franklin Covey Switzerland GmbH (Switzerland)
Franklin Covey Austria GmbH (Austria)
Franklin Covey Leadership SAS (France)
Franklin Covey Leadership Limited (Ireland)

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-128131 and 333-89541 on Form S-3 and Registration Statement Nos. 333-285566, 333-262526, 333-229363, 333-218391, 333-201679, 33-73624 and 33-51314 on Form S-8 of our reports dated November 12, 2026, relating to the financial statements of Franklin Covey Co. and the effectiveness of Franklin Covey Co.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended August 31, 2026.

/s/ Deloitte & Touche LLP

Salt Lake City, Utah
November 12, 2026

Exhibit 31.1

SECTION 302 CERTIFICATION

I, Paul S. Walker, certify that:

1. I have reviewed this yearly report on Form 10-K of Franklin Covey Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2026

/s/ Paul S. Walker
Paul S. Walker
Chief Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Jessica G. Betjemann, certify that:

1. I have reviewed this yearly report on Form 10-K of Franklin Covey Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date November 12, 2026

/s/ Jessica G. Betjemann
Jessica G. Betjemann
Chief Financial Officer

Exhibit 32

CERTIFICATION

In connection with the yearly report of Franklin Covey Co. (the "Company") on Form 10-K for the period ended August 31, 2026, as filed with the Securities and Exchange Commission (the "Report"), we, Paul S. Walker, President and Chief Executive Officer of the Company, and Jessica G. Betjemann, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

/s/ Paul S. Walker
Paul S. Walker
Chief Executive Officer
Date: November 12, 2026

/s/ Jessica G. Betjemann
Jessica G. Betjemann
Chief Financial Officer
Date: November 12, 2026