Greatness Starts Here

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

FranklinCovey™

FranklinCovey

Investor Update

First Quarter Fiscal Year 2023

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Forward-Looking Statements/Non-GAAP

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon management's current expectations and are subject to various risks and uncertainties including, but not limited to: The ability of the Company to stabilize and grow revenues; The acceptance of, and renewal rates for our subscription offerings, including the All Access Pass and Leader in Me memberships; The duration and recovery from the COVID-19 pandemic; The ability of the Company to hire productive sales professionals; General economic conditions; Competition in the Company's targeted marketplace; Market acceptance of new offerings or services and marketing strategies; Changes in the Company's market share; Changes in the size of the overall market for the Company's products; Changes in the training and spending policies of the Company's clients, and other factors identified and discussed in the Company's most recent Annual Report on From 10-K and other periodic reports filed with the Securities and Exchange Commission. Many of these conditions are beyond our control or influence, any one of which may cause future results to differ materially from the Company's current expectations, and there can be no assurance the Company's actual future performance will meet management's expectations. These forward-looking statements are based on management's current expectations, and we undertake no obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of today's presentation, except as required by law.

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

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

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FC Performance Driven by 5 Key Factors

1. Address Mission Critical Challenges
2. Our Solutions Deliver Results
3. Rapidly Growing Subscription Business
4. Compelling Subscription Business Model
5. Lots of Headroom for Growth

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Revenue Headlines

+13%
Revenue Growth

+14% LTM

+21%
Subscription & Subscription Services Revenue

+26% LTM

+25%
Deferred Subscription Revenue (Billed & Unbilled)

$151.6M as of November 30, 2022

62%
AAP Multiyear % of Total Invoiced Amounts in North America

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Profitability Headlines

76.0%
Gross Margin Percent
76.4% LTM

59.5%
Operating SG&A as % of Sales
60.3% LTM

+19%
Flow -through Incremental Rev to Increase in Adj EBITA
28% LTM

+16%
Adjusted EBITDA Growth
28% YTD

$3.0M
Net Cash Provided by Operating Activities

$73.2M
$58.2M Cash + $15M Undrawn Revolver

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Enterprise Division- North America Headlines

+16%
Revenue Growth

17% LTM

+19%
Subscription &
Subscription Services Revenue

24% LTM

+25%
Balance Deferred Revenue
(Billed & Unbilled)

62%
AAP Contracted Revenue
Represented by Multiyear
Contracts

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Enterprise Division– International Headlines

+12%

UK, GSA & Australia Offices Revenue Growth

28% LTM

-8%

Revenue - China & Japan

-20% LTM

+9%

International Licensee Partner Revenue Growth

15% LTM

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Education Division Headlines

+23%

Revenue Growth

21% LTM

+24%

Subscription & Subscription Services Revenue

25% LTM

+20%

Balance Deferred Subscription Revenue

90%

School Retention

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Total Company Subscription & Subscription Services

+26%

Subscription & Subscription Services Revenue LTM

77%

Subscription and Subscription Services as % of Total Company Sales

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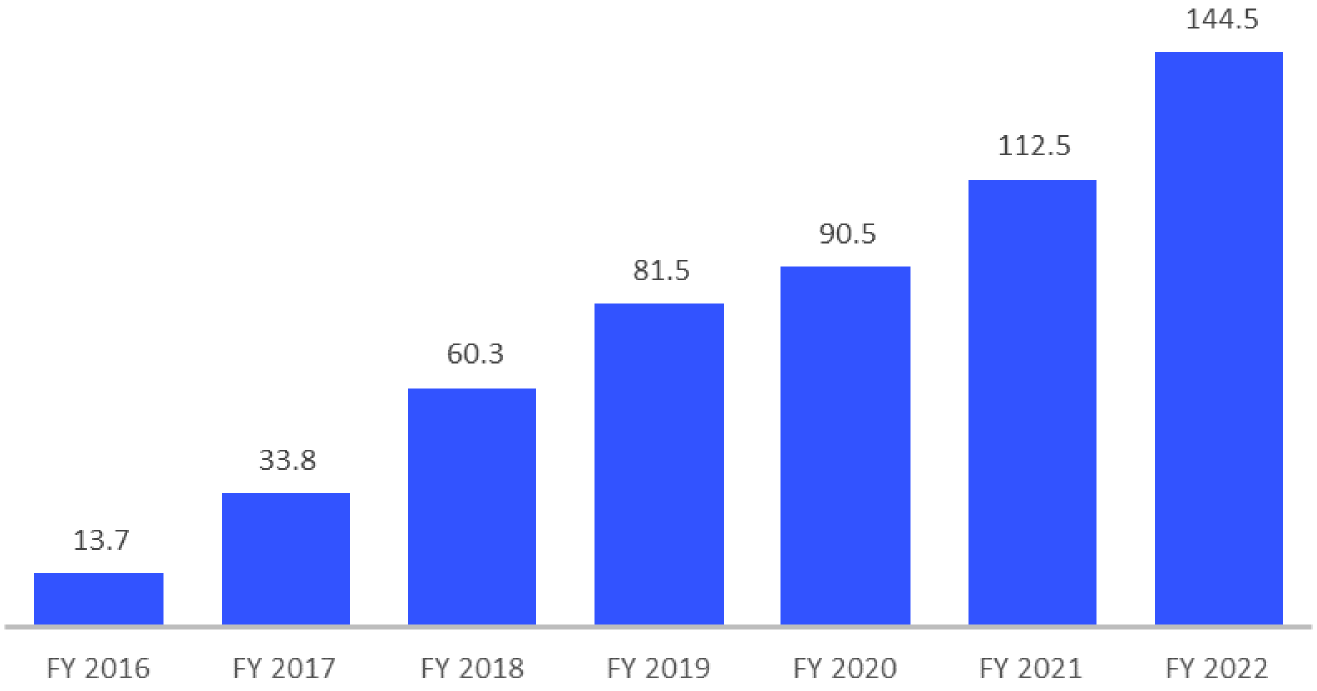
AAP Subscription & Subscription Services Growth

(in millions and unaudited)



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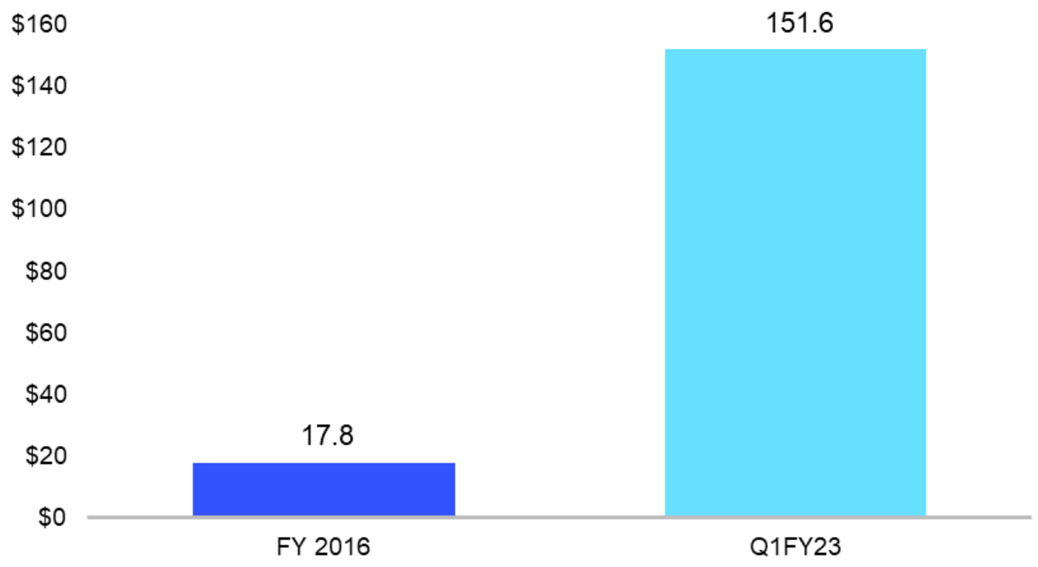
Deferred Subscription Revenue Growth

Deferred Subscription Revenue (Billed & Unbilled)
(in millions and unaudited)



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Enterprise Subscription Business Model Elements

1. A new AAP subscription contract becomes an asset worth hundreds of thousands of dollars.
2. The increasing duration and certainty of AAP contracts is further increasing their value.
3. The cost of acquiring a new client contract is very attractive.

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AAP Subscription Business Model Elements

1. A new AAP subscription contract becomes an asset worth hundreds of thousands of dollars.

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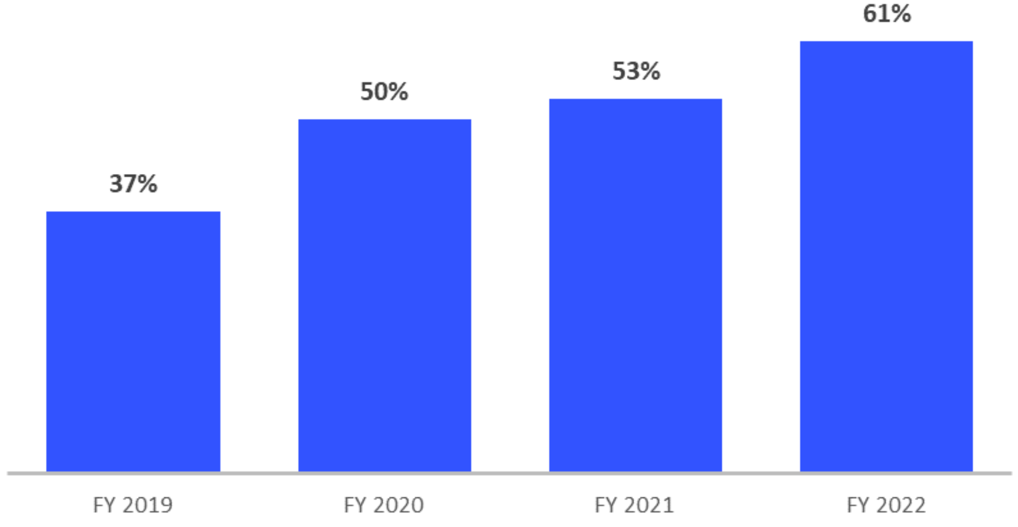
AAP Subscription Business Model Elements

2. The increasing duration and certainty of AAP contracts is further increasing their value.

Percent of AAP Invoiced Amounts from Multi -Year Contracts in North America



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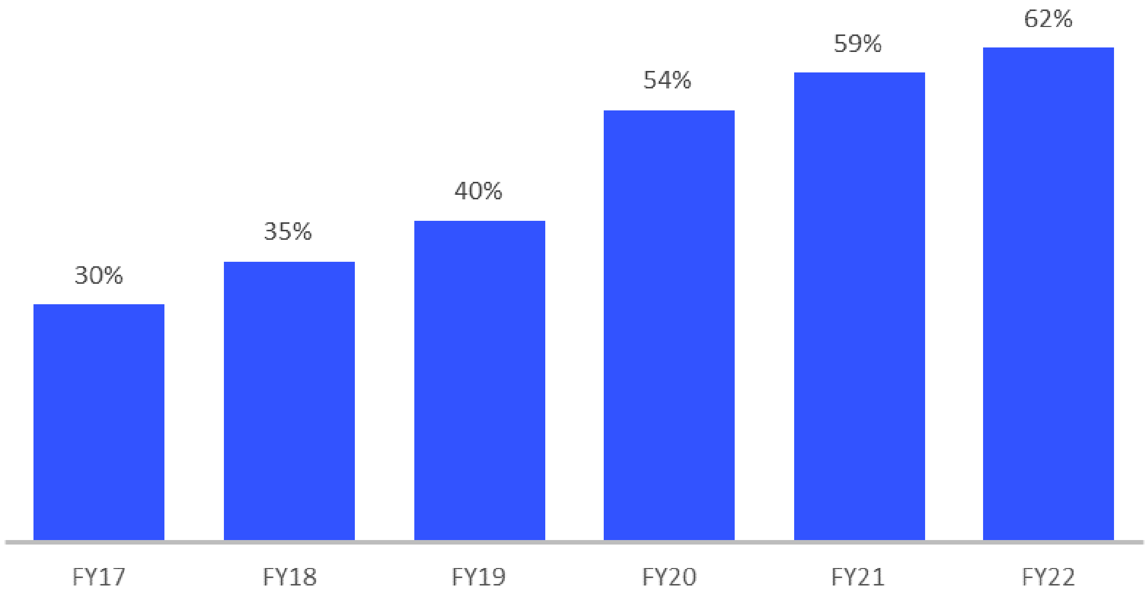
AAP Subscription Business Model Elements

2. Total of Billed and Unbilled Deferred Revenue as a percentage of prior year total Enterprise sales.



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AAP Subscription Business Model Elements

3. The cost of acquiring a new client contract is very attractive.

<1.0

Customer Acquisition Cost (CAC)

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Key Factors Driving Strength and Durability of Business Model

1	2	3
OUR CLIENT'S MISSION CRITICAL CHALLENGES	EFFECTIVE SOLUTIONS SUCCESSFULLY ADDRESS CLIENT CHALLENGES	STRENGTH IN ACQUIRING, SERVING, RETAINING & EXPANDING CLIENT RELATIONSHIPS

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Key Factors Driving Strength and Durability of Business Model

1	2	3
OUR CLIENT'S MISSION CRITICAL CHALLENGES	EFFECTIVE SOLUTIONS SUCCESSFULLY ADDRESS CLIENT CHALLENGES	STRENGTH IN ACQUIRING, SERVING, RETAINING & EXPANDING CLIENT RELATIONSHIPS

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Key Factors Driving Strength and Durability of Business Model

1	2	3
Our Client's Mission Critical Challenges	Effective Solutions Successfully Address Client Challenges	Strength in Acquiring, Serving, Retaining & Expanding Client Relationships

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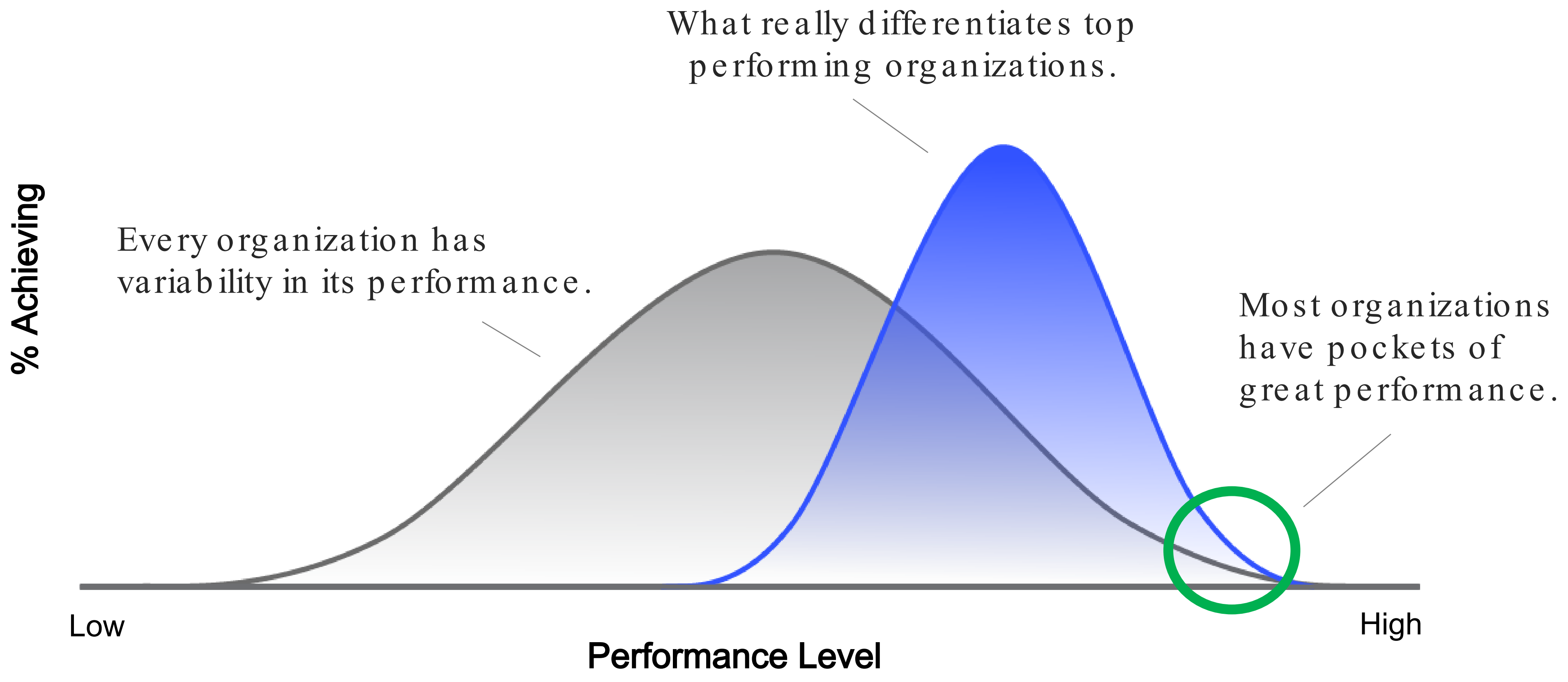
Key Factor 2 – Effective Solutions Address Client Challenges



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Key Factor 2 – Effective Solutions Address Client Challenges

Content

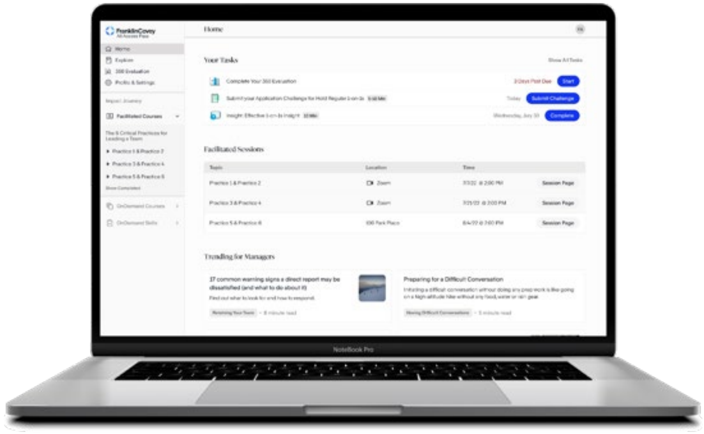
Leadership,
Individual Effectiveness,
Culture,
Business Outcomes

Technology

Impact Platform
360 Assessments
FC, Client-facilitated, and On-demand Impact Journeys

People

Client partners,
Implementation Strategists,
Delivery Consultants



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Key Factors Driving Strength and Durability of Business Model

1

OUR CLIENT'S MISSION CRITICAL CHALLENGES

2

EFFECTIVE SOLUTIONS SUCCESSFULLY ADDRESS CLIENT CHALLENGES

3

STRENGTH IN ACQUIRING , SERVING, RETAINING & EXPANDING CLIENT RELATIONSHIPS

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Key Factor 3 – Strength in Client Relationships

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Guidance and Outlook

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

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James Williams
Managing Client Partner

Appendix

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Other Information

OTHER INCOME STATEMENT INFORMATION :

- Depreciation: $4.9M in FY2022, expected to total approximately $5.7M in FY2023.
- Amortization: $5.3M in FY2022, expected to total approximately $4.3M in FY2023.
- Net Interest and Discount: $1.6M in FY2022, expected to total approximately $1.8M in FY2023.
- Share-based Compensation, Impaired Assets, Restructuring, Accrued Earnout and Other totaling $8.4M in FY2022; expected to total approximately $12.0M to $13.0M in FY2023.
- Effective Tax Rate: Our normalized affective tax rate is expected to eventually be 28% to 32%, before unusual permanent book/tax differences. The actual tax rate could be a significantly different percentage, and we are not projecting an FY23 effective rate.

OTHER INFORMATION :

- Capital Expenditures: $3.2M in FY2022, expected to total approximately $7.2M to $8.0M in FY2023.
- Capitalized Curriculum excluding acquired content: $2.2M in FY2022, expected to total approximately $9.0M to $10.0M in FY2023, including localization of AAP content, AAP content development, and Education content development.
- Share Count: 13,905K shares outstanding as of December 31, 2022. The Company's share count may increase due to the vesting and exercise of share-based awards and purchases by Employees under our Employee Stock Purchase Plan and decrease due to the company buying back shares.
- Number of salespersons: 292 on November 30, 2022.
- Impact of FX in Q1 of FY23: decrease to sales $2.0M; decrease to Adjusted EBITDA $0.8M.

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

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FranklinCovey Financial Headlines

(in millions and unaudited)

	Q1 FY 23	Q1 FY 22	Chg	%	LTM Q1 FY23	LTM Q1 FY 22	Chg	%
Sales	$ 69.4	$ 61.3	$ 8.1	13.2%	$ 271.0	$ 237.1	$ 33.8	14.3%
Cost of Sales	16.6	13.7	3.0	21.7%	63.9	53.0	10.9	20.6%
Gross Profit	52.7	47.6	5.1	10.8%	207.1	184.1	22.9	12.5%
Gross Profit %	76.0%	77.7%	(167)	bps	76.4%	77.7%	(123)	bps
Operating SG&A	41.3	37.7	3.6	9.6%	163.3	149.9	13.4	8.9%
Operating SG&A %	59.5%	61.5%	199	bps	60.3%	63.2%	296	bps
Adjusted EBITDA	$ 11.5	$ 9.9	$ 1.5	15.5%	$ 43.7	$ 34.2	$ 9.6	28.0%

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

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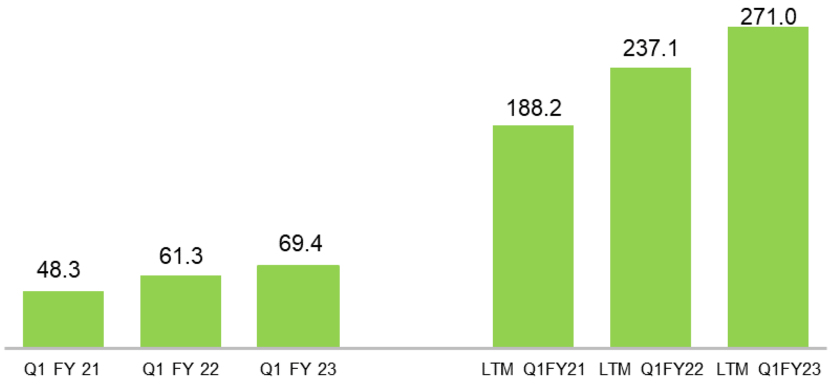
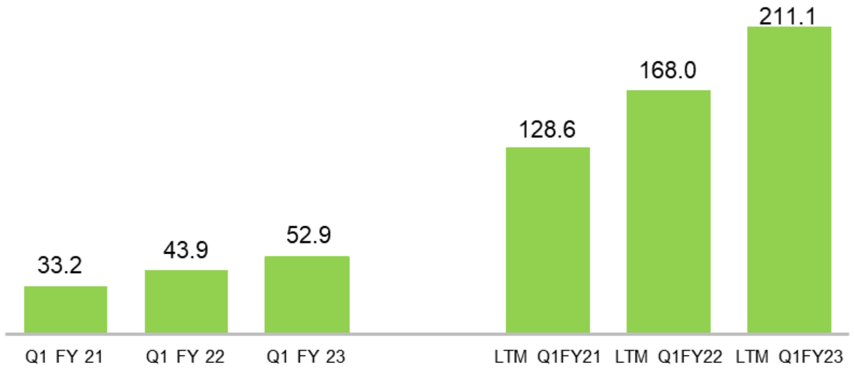
FranklinCovey Financial Summary

(in millions and unaudited)

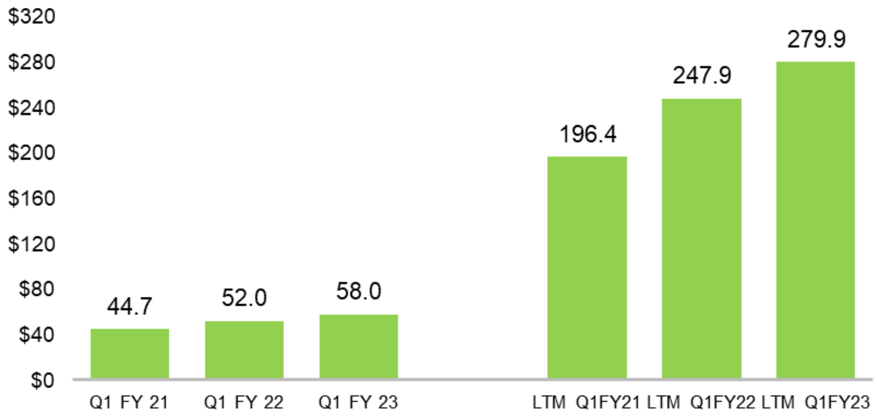
SALES



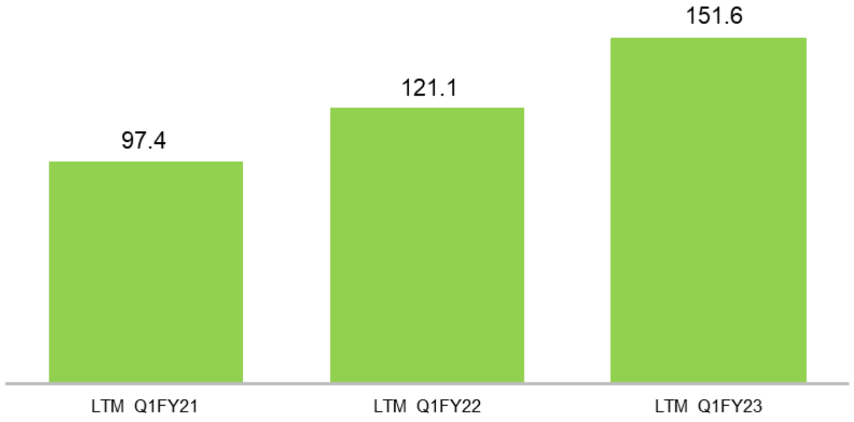
SUBSCRIPTION AND SUBSCRIPTION SERVICES



INVOICED



DEFERRED & UNBILLED DEFERRED REVENUE



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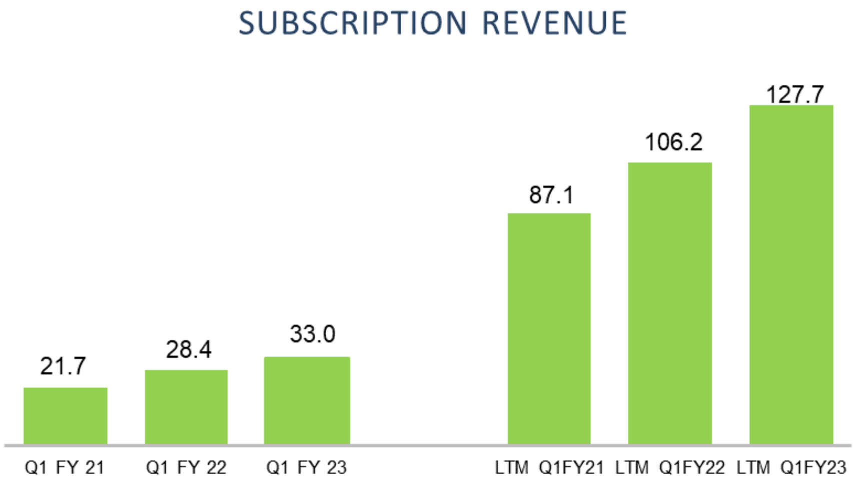
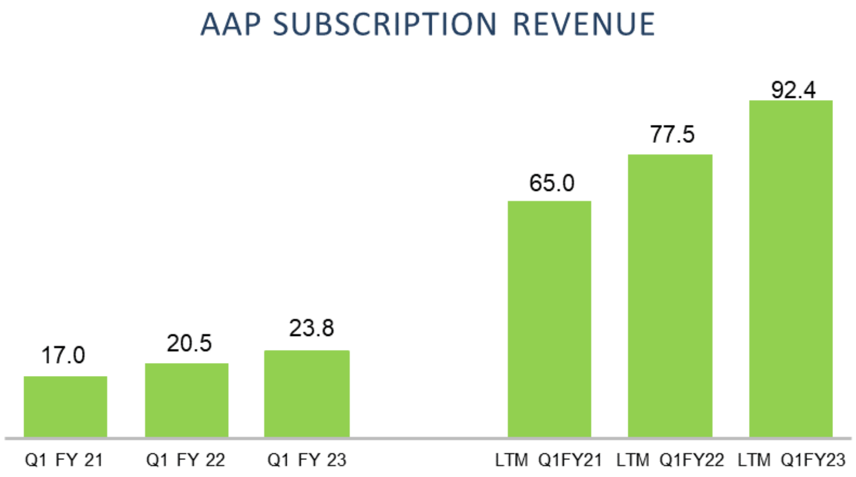
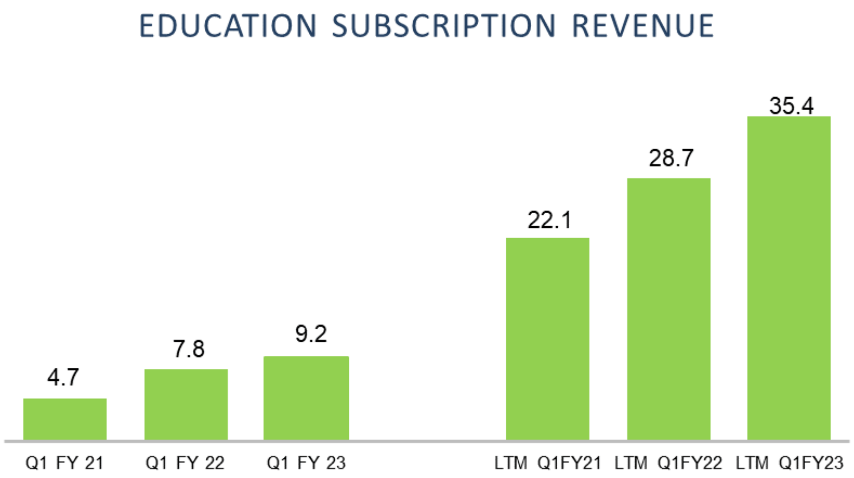
Trends in the Business

(in millions and unaudited)







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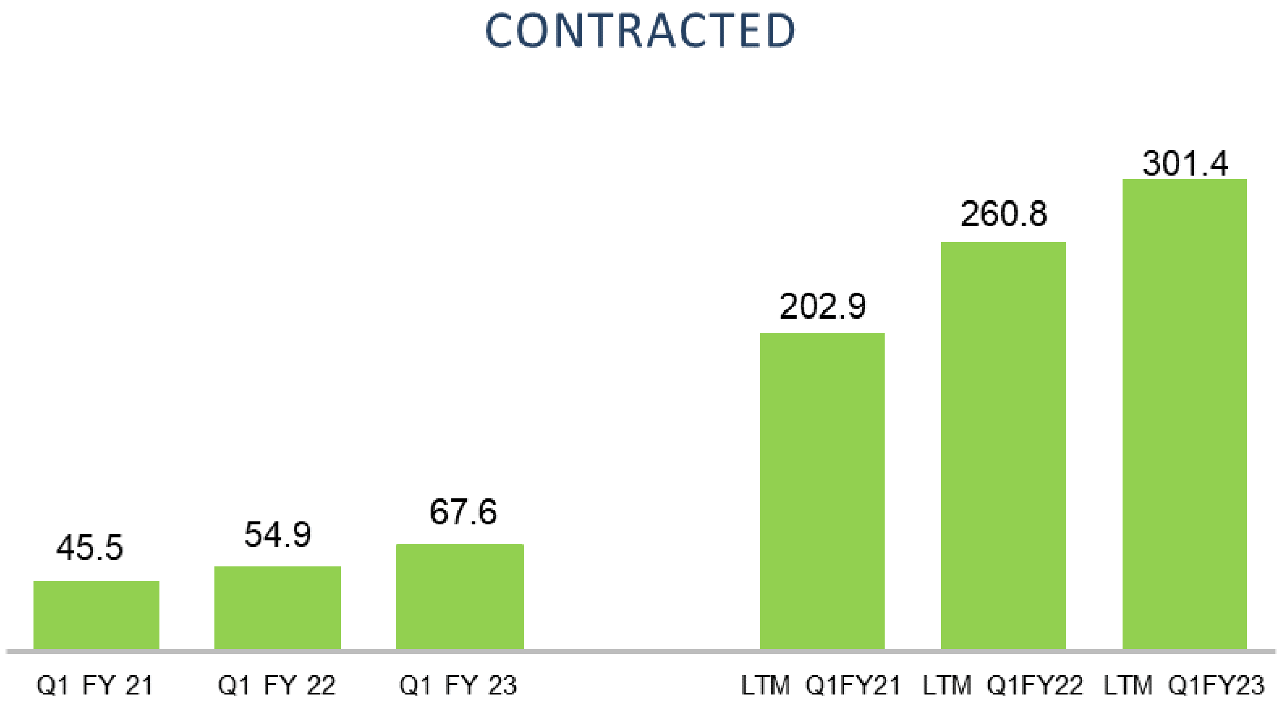
Contracted

(in millions and unaudited)



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Sales Information

(in millions and unaudited)

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

Notes:

- Invoiced Amounts represent the amount billed (invoiced) in the period. The Invoiced Amount is equal to Reported Net Sales, plus the associated change in Deferred Subscription Sales on the balance sheet (adjusted for FX). AAP Subscriptions, Education Memberships, and Other Invoiced Subscriptions are all Invoiced Amounts. Unbilled portions of multi-year agreements are not included.
- The Difference between Change in Deferred Sales, which is added to Reported Net Sales to equal the Invoiced Amount, and the Change in Deferred Sales on the balance sheet is adjustments for FX, acquisitions and other. Q1 of FY2019 also includes the adjustment attributed to the adoption of Topic 606.
- Certain historical amounts have been adjusted to conform with the current presentation.
- Deferred Revenue is primarily a current liability. However, a small portion is long-term and recorded as a part of Other Liabilities. See Notes in the 10-K.
- Education Subscription Contracts consists of membership subscriptions which is recognized as sales over the course of the contract and Consulting which is recognized as sales upon delivery. These combined performance obligations are contracted, invoiced and paid together. See Deferred Subscription Revenue in the Definitions

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FranklinCovey Contracts Signed

(in millions and unaudited)

First Quarter	Enterprise Division FY23	Enterprise Division FY22	Enterprise Division Change	Enterprise Division %	Education Division FY23	Education Division FY22	Education Division Change	Education Division %	Corporate FY23	Corporate FY22	Corporate Change	Total Company FY23	Total Company FY22	Total Company Change	Total Company %
Sales	53.4	48.1	5.3	11.1%	14.4	11.7	2.7	22.7%	1.6	1.4	0.1	69.4	61.3	8.1	13.2%
Change in Deferred Subscription Revenue	(5.1)	(3.9)	(1.2)	29.5%	(6.3)	(5.4)	(0.9)	17.2%	-	-	-	(11.4)	(9.3)	(2.1)	22.4%
Invoiced Amounts	48.4	44.2	4.2	9.4%	8.1	6.3	1.7	27.3%	1.6	1.4	0.1	58.0	52.0	6.0	11.6%
Change in Unbilled Deferred Revenue	9.6	2.8	6.8		(0.1)	0.2	(0.2)		(0.0)	0.0	(0.0)	9.6	3.0	6.6	
Total Contracts Signed	58.0	47.0	11.0	23.4%	8.0	6.5	1.5	22.7%	1.6	1.4	0.1	67.6	54.9	12.6	22.9%

Last 12 Months	Enterprise Division FY23	Enterprise Division FY22	Enterprise Division Change	Enterprise Division %	Education Division FY23	Education Division FY22	Education Division Change	Education Division %	Corporate FY23	Corporate FY22	Corporate Change	Total Company FY23	Total Company FY22	Total Company Change	Total Company %
Sales	199.7	177.4	22.3	12.6%	64.5	53.1	11.4	21.5%	6.7	6.6	0.1	271.0	237.1	33.8	14.3%
Change in Deferred Subscription Revenue	4.6	6.2	(1.6)	-26.3%	4.3	4.7	(0.3)	-6.8%	0.0	(0.1)	0.1	8.9	10.8	(1.9)	-17.5%
Invoiced Amounts	204.3	183.6	20.7	11.3%	68.8	57.8	11.1	19.2%	6.7	6.5	0.2	279.9	247.9	31.9	12.9%
Change in Unbilled Deferred Revenue	22.2	12.7	9.5	74.9%	(0.6)	0.2	(0.9)	-373.2%	0.0	-	0.0	21.6	12.9	8.6	66.9%
Total Contracts Signed	226.5	196.3	30.2	15.4%	68.2	58.0	10.2	17.6%	6.7	6.5	0.2	301.4	260.8	40.6	15.6%

As of November 30	Enterprise Division FY23	Enterprise Division FY22	Enterprise Division Change	Enterprise Division %	Education Division FY23	Education Division FY22	Education Division Change	Education Division %	Corporate FY23	Corporate FY22	Corporate Change	Total Company FY23	Total Company FY22	Total Company Change	Total Company %
Deferred Subscription Revenue Balance	50.2	45.7	4.6	10.0%	26.4	22.1	4.3	19.7%			-	76.7	67.8	8.9	13.2%
Unbilled Deferred Revenue Balance	74.2	52.0	22.2	42.7%	0.7	1.4	(0.6)	-46.4%			-	74.9	53.4	21.6	40.4%
Total	124.4	97.7	26.8	27.4%	27.2	23.5	3.7	15.8%	-	-	-	151.6	121.1	30.5	25.2%

Notes:

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

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Reconciliation of Net Income to Adjusted EBITDA

(in thousands and unaudited)

	Quarter Ended	
	November 30, 2022	November 30, 2021
Reconciliation of net income to Adjusted EBITDA:		
Net income	$ 4,667	$ 3,812
Adjustments:		
Interest expense, net	329	431
Income tax provision	1,396	1,302
Amortization	1,092	1,431
Depreciation	1,246	1,279
Stock-based compensation	2,735	1,649
Increase in the fair value of contingent consideration liabilities	7	28
Adjusted EBITDA	$ 11,472	$ 9,932
Adjusted EBITDA margin	16.5%	16.2%

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

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Additional Financial Information

(in thousands and unaudited)

	Quarter Ended	
	November 30, 2022	November 30, 2021
Sales by Division/Segment:		
Enterprise Division:		
Direct offices	$ 50,167	$ 45,119
International licensees	3,278	2,997
	53,445	48,116
Education Division	14,350	11,697
Corporate and other	1,574	1,446
Consolidated	$ 69,369	$ 61,259
Gross Profit by Division/Segment:		
Enterprise Division:		
Direct offices	$ 39,921	$ 36,202
International licensees	2,977	2,701
	42,898	38,903
Education Division	9,175	7,860
Corporate and other	669	835
Consolidated	$ 52,742	$ 47,598
Adjusted EBITDA by Division/Segment:		
Enterprise Division:		
Direct offices	$ 11,250	$ 9,954
International licensees	1,831	1,671
	13,081	11,625
Education Division	281	235
Corporate and other	(1,890)	(1,928)
Consolidated	$ 11,472	$ 9,932

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Condensed Consolidated Balance Sheets

(in thousands and unaudited)

	November 30, 2022		August 31, 2022	
Assets				
Current assets:				
Cash and cash equivalents	$	58,152	$	60,517
Accounts receivable, less allowance for doubtful accounts of $4,427 and $4,492		57,352		72,561
Inventories		3,477		3,527
Income taxes receivable		-		-
Prepaid expenses and other current assets		17,364		19,278
Total current assets		136,345		155,883
Property and equipment, net		9,465		9,798
Intangible assets, net		43,742		44,833
Goodwill		31,220		31,220
Deferred income tax assets		4,279		4,686
Other long-term assets		12,378		12,735
	$	237,429	$	259,155

	November 30, 2022		August 31, 2022	
Liabilities and Shareholders' Equity				
Current liabilities:				
Current portion of notes payable	$	5,835	$	5,835
Current portion of financing obligation		3,281		3,199
Accounts payable		6,878		10,864
Deferred subscription revenue		74,394		85,543
Other deferred revenue		13,906		14,150
Accrued liabilities		23,380		34,205
Total current liabilities		127,674		153,796
Notes payable, less current portion		6,045		7,268
Financing obligation, less current portion		7,105		7,962
Other liabilities		6,788		7,116
Deferred income tax liabilities		199		199
Total liabilities		147,811		176,341
Shareholders' equity:				
Common stock		1,353		1,353
Additional paid-in capital		222,413		220,246
Retained earnings		86,688		82,021
Accumulated other comprehensive loss		(672)		(542)
Treasury stock at cost, 13,165 and 13,203 shares		(220,164)		(220,264)
Total shareholders' equity		89,618		82,814
	$	237,429	$	259,155

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Condensed Consolidated Income Statements

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

	Quarter Ended	
	November 30, 2022	November 30, 2021
Net sales	$ 69,369	$ 61,259
Cost of sales	16,627	13,661
Gross profit	52,742	47,598
Selling, general, and administrative	44,012	39,343
Depreciation	1,246	1,279
Amortization	1,092	1,431
Income from operations	**6,392**	**5,545**
Interest expense, net	(329)	(431)
Income before income taxes	**6,063**	**5,114**
Income tax provision	(1,396)	(1,302)
Net income	**$ 4,667**	**$ 3,812**
Net income per common share:		
Basic	$ 0.34	$ 0.27
Diluted	0.32	0.27
Weighted average common shares:		
Basic	13,877	14,246
Diluted	14,507	14,312
Other data:		
Adjusted EBITDA[(1)]	$ 11,472	$ 9,932

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

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Free Cash Flow

	Quarter Ended	
	November 30, 2022	November 30, 2021
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,667	$ 3,812
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,338	2,710
Amortization of capitalized curriculum costs	843	789
Stock-based compensation	2,735	1,649
Deferred income taxes	393	679
Change in fair value of contingent consideration liabilities	7	28
Amortization of right-of-use operating lease assets	203	225
Change in working capital	(8,169)	272
Net cash provided by operating activities	3,017	10,164
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,240)	(520)
Curriculum development costs	(974)	(243)
Net cash used for investing activities	(2,214)	(763)
FREE CASH FLOW	**$ 803**	**$ 9,401**

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Enterprise Division Financial Summary

(in millions and unaudited)

	Q1 FY 23	Q1 FY 22	Chg	%	LTM Q1 FY23	LTM Q1 FY 22	Chg	%
Sales	$ 53.4	$ 48.1	$ 5.3	11.1%	$ 199.7	$ 177.4	$ 22.3	12.6%
Cost of Sales	10.5	9.2	1.3	14.5%	38.3	33.1	5.2	15.7%
Gross Profit	42.9	38.9	4.0	10.3%	161.4	144.3	17.1	11.9%
Gross Profit %	80.3%	80.9%	(58)	bps	80.8%	81.3%	(52)	bps
Operating SG&A	29.8	27.3	2.5	9.3%	117.5	109.1	8.4	7.7%
Operating SG&A %	55.8%	56.7%	90	bps	58.8%	61.5%	268	bps
Adjusted EBITDA	$ 13.1	$ 11.6	$ 1.5	12.5%	$ 43.9	$ 35.2	$ 8.7	24.9%

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

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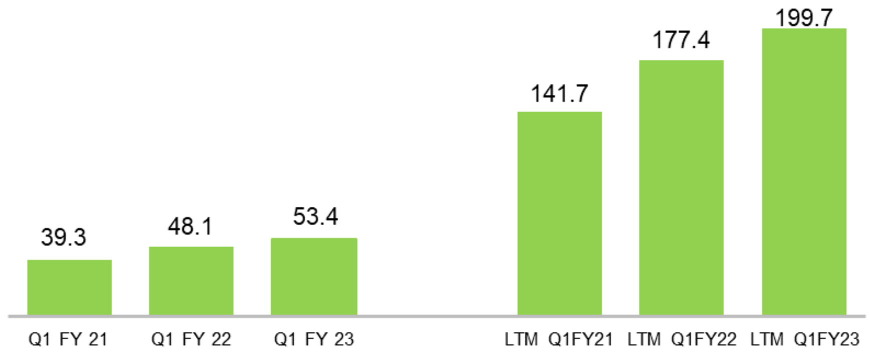
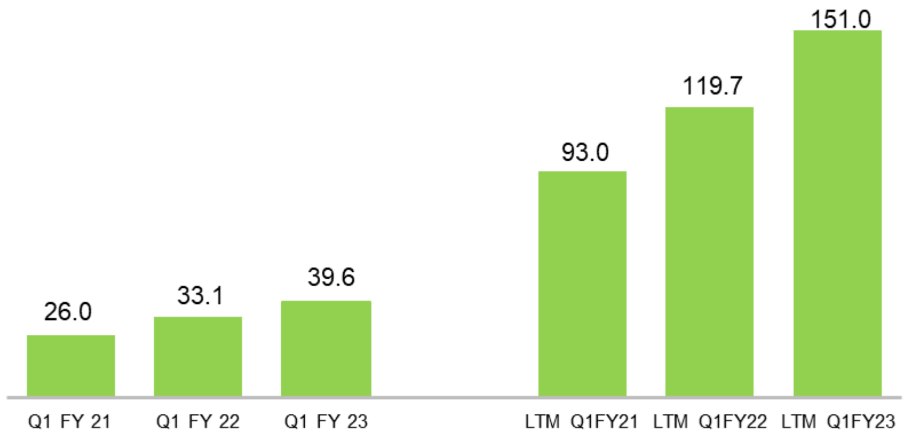
Enterprise Division Financial Summary

(in millions and unaudited)

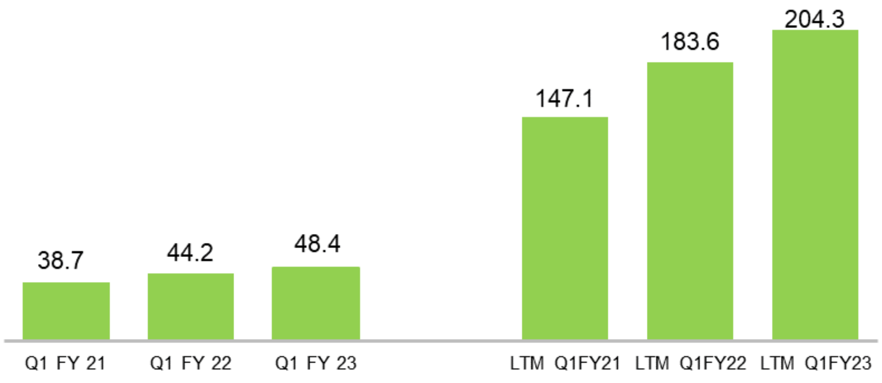
SALES



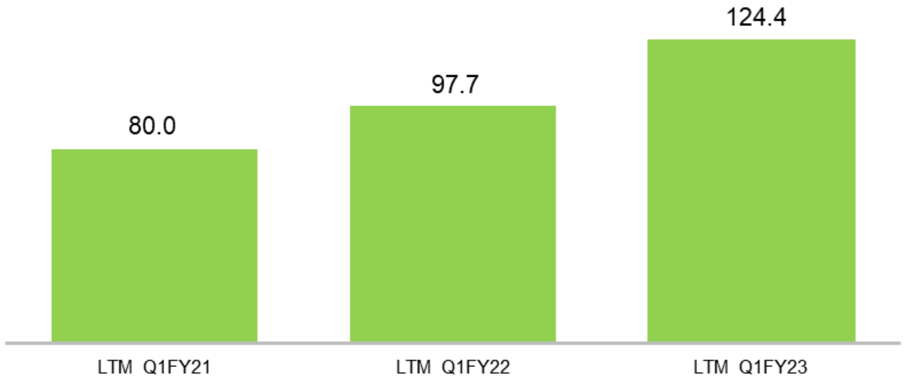
AAP AND SUBSCRIPTION SERVICES



INVOICED



DEFERRED & UNBILLED DEFERRED REVENUE



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Enterprise Division AAP & Related Revenue

(in millions and unaudited)

	LTM Q1FY23	LTM Q1FY22	LTM Q1FY21	Q1FY23	Q4FY22	Q3FY22	Q2FY22	Q1FY22
AAP Sales	$92.4	$77.5	$65.0	$23.8	$25.2	$22.4	$20.9	$20.5
AAP Add on Sales*	58.6	42.1	28.0	15.8	15.1	16.6	11.2	12.6
Total AAP and Related	**151.0**	**119.7**	**93.0**	**39.6**	**40.3**	**39.1**	**32.0**	**33.1**
Percent of AAP and Related Sales to Total Enterprise Sales	**76%**	**67%**	**66%**	**74%**	**77%**	**78%**	**73%**	**69%**
Legacy Sales	29.7	39.9	33.5	8.4	7.8	6.2	7.2	9.5
International licensees	10.8	9.4	7.3	3.3	2.4	2.6	2.6	3.0
Other Sales	8.3	8.4	8.0	2.2	1.7	2.2	2.2	2.4
Total Enterprise Sales	**$199.7**	**$177.4**	**$141.7**	**$53.4**	**$52.2**	**$50.0**	**$44.1**	**$48.1**

	LTM Q1FY23	LTM Q1FY22	LTM Q1FY21	Q1FY23	Q4FY22	Q3FY22	Q2FY22	Q1FY22
North America Sales	$147.4	$125.6	$101.8	$38.7	$39.4	$37.8	$31.5	$33.4
International Direct Office Sales	33.3	33.8	24.6	$9.3	$8.8	$7.4	$7.8	$9.3
Other Sales	8.3	8.4	8.0	2.2	1.7	2.2	2.2	2.4
Total Direct Office Division Sales	188.9	167.8	134.4	50.2	49.8	47.4	41.5	45.1
International Licensees	10.8	9.4	7.3	3.3	2.4	2.6	2.6	3.0
Total Enterprise Sales	**$199.7**	**$177.4**	**$141.7**	**$53.4**	**$52.2**	**$50.0**	**$44.1**	**$48.1**

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

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Education Division Financial Summary

(in millions and unaudited)

	Q1 FY 23	Q1 FY 22	Chg	%	LTM Q1 FY23	LTM Q1 FY 22	Chg	%
Sales	$ 14.4	$ 11.7	$ 2.7	22.7%	$ 64.5	$ 53.1	$ 11.4	21.5%
Cost of Sales	5.2	3.8	1.3	34.9%	22.0	16.5	5.5	33.6%
Gross Profit	9.2	7.9	1.3	16.7%	42.5	36.6	5.9	16.0%
Gross Profit %	63.9%	67.2%	(326)	bps	65.9%	69.0%	(309)	bps
Operating SG&A	8.9	7.6	1.3	16.6%	34.1	29.3	4.8	16.2%
Operating SG&A %	62.0%	65.2%	321	bps	52.8%	55.2%	238	bps
Adjusted EBITDA	$ 0.3	$ 0.2	$ 0.0	19.9%	$ 8.5	$ 7.3	$ 1.1	15.3%

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

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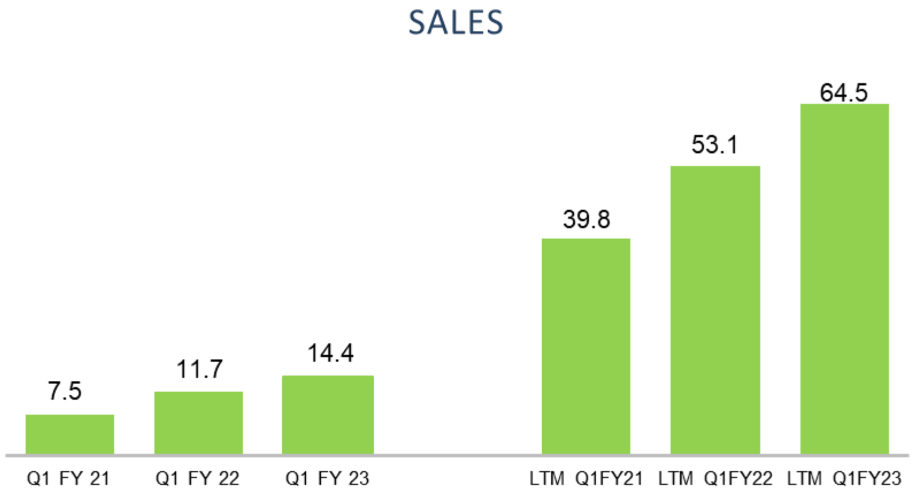
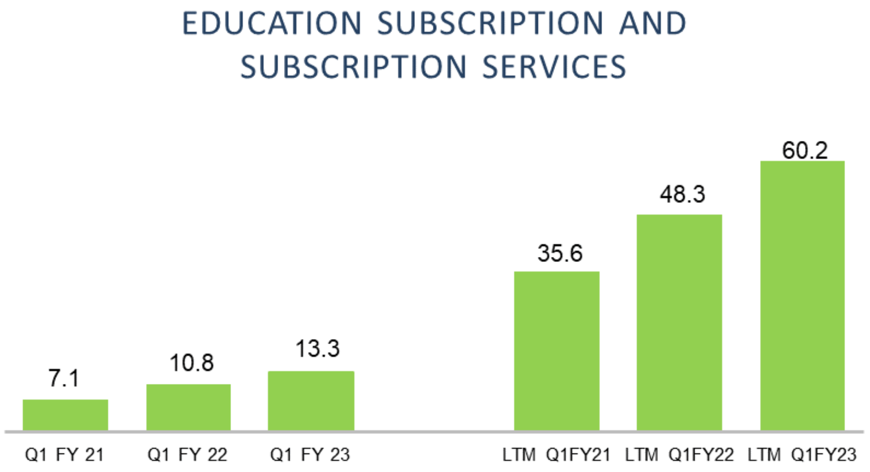
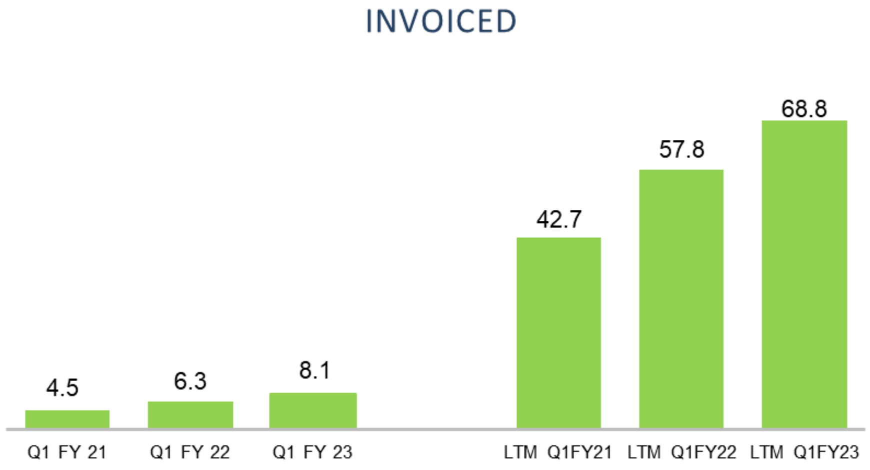
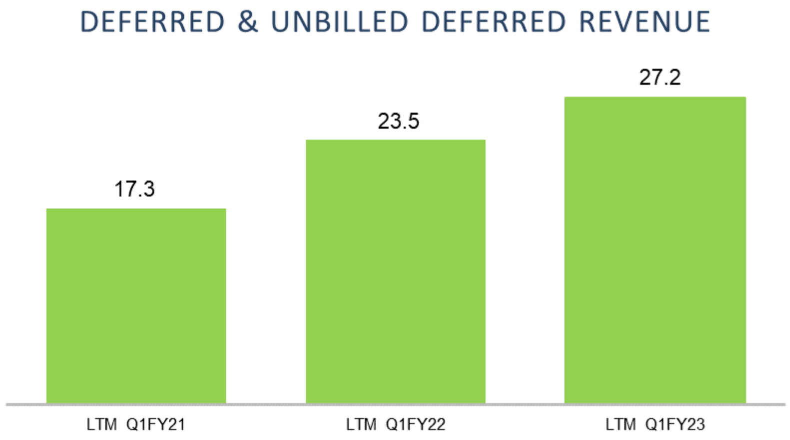
Education Division Financial Summary
(in millions and unaudited)









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Definitions

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

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Definitions

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

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Leena Rinne
VP, Consulting Strategy & Operations

Thank You

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