

FranklinCovey



# Second Quarter Fiscal 2026

INVESTOR UPDATE

APRIL 1, 2026

# Forward-Looking Statements and Non-GAAP Measures

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

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

This presentation uses the non-GAAP financial measures of Adjusted EBITDA, Free Cash Flow, and "constant currency." The Company defines Adjusted EBITDA as net income excluding the impact of interest, income taxes, intangible asset amortization, depreciation, stock-based compensation expense, and certain other infrequently occurring items such as restructuring and building exit costs. Free Cash Flow is defined as GAAP calculated cash flows from operating activities less capitalized expenditures for purchases of property and equipment, curriculum development, and content or license rights. 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. 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, or other GAAP operating measures.

# Franklin Covey – Q2FY26 Key Metrics

IN MILLIONS AND UNAUDITED

## Q2FY26 Performance Snapshot

Q2FY26 Revenue <b>\$59.6M</b> Prior: \$59.6M (Q2FY25)	YTD Q2FY26 Revenue <b>\$123.7M</b> Prior: \$128.7M (YTD Q2FY25)	Q2FY26 Adjusted EBITDA <b>\$4.1M</b> Prior: \$2.1M (Q2FY25)
YTD Q2FY26 Adjusted EBITDA <b>\$7.8M</b> Prior: \$9.7M (YTD Q2FY25)	Q2FY26 Deferred Revenue Balance <b>\$101.5M</b> Prior: \$94.4M (Q2FY25)	YTD Q2FY26 Free Cash Flows <b>\$9.5M</b> Prior: \$7.8M (YTD Q2FY25)

Notes:

Adjusted EBITDA and Free Cash Flows are non-GAAP, please see Appendix for additional information.  
Deferred Revenue Balance is comprised of \$98M in Current Liabilities and \$3.5M in Long Term Liabilities.

# Enterprise Division: North America – Q2FY26 Key Metrics

IN MILLIONS AND UNAUDITED

## Q2FY26 Performance Snapshot

<p>Q2FY26 Revenue</p> <p><b>\$32.5M</b></p> <p>Prior: \$34.5M (Q2FY25)</p>	<p>Q2FY26 Invoiced</p> <p><b>\$42.7M</b></p> <p>Prior: \$40.0M (Q2FY25)</p>	<p>Q2FY26 Subscription &amp; Services Revenue</p> <p><b>\$30.9M</b></p> <p>Prior: \$32.0M (Q2FY25)</p>
<p>Q2FY26 Billed Deferred Revenue Balance</p> <p><b>\$59.3M</b></p> <p>Prior: \$51.0M (Q2FY25)</p>	<p>Q2FY26 Unbilled Deferred Revenue Balance</p> <p><b>\$61.1M</b></p> <p>Prior: \$59.2M (Q2FY25)</p>	<p>Q2FY26 AAP Multi-Year Contract Value</p> <p><b>62%</b></p> <p>Prior: 61% (Q2FY25)</p>

# Enterprise Division: International– Q2FY26 Key Metrics

IN MILLIONS AND UNAUDITED

## Q2FY26 Performance Snapshot

<p>Q2FY26 Revenue</p> <p><b>\$9.2M</b></p> <p>Prior: \$9.0M (Q2FY25)</p>	<p>YTD Q2FY26 Revenue</p> <p><b>\$20.4M</b></p> <p>Prior: \$20.5M (YTD Q2FY25)</p>	<p>Q2FY26 Invoiced</p> <p><b>\$9.3M</b></p> <p>Prior: \$8.7M (Q2FY25)</p>
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# Education Division – Q2FY26 Key Metrics

IN MILLIONS AND UNAUDITED

## Q2FY26 Performance Snapshot

<p>Q2FY26 Revenue</p> <p><b>\$17.5M</b></p> <p>Prior: \$15.1M (Q2FY25)</p>	<p>Q2FY26 Invoiced</p> <p><b>\$8.5M</b></p> <p>Prior: \$8.6M (Q2FY25)</p>
<p>Q2FY26 Subscription &amp; Services Revenue</p> <p><b>\$15.7M</b></p> <p>Prior: \$13.5M (Q2FY25)</p>	<p>Q2FY26 Billed Deferred Revenue Balance</p> <p><b>\$36.1M</b></p> <p>Prior: \$37.8M (Q2FY25)</p>

# Fiscal 2026 Guidance

The Company continues to affirm guidance provided in November 2025.

<b>FY2026</b>	<b>Guidance</b> (in constant currency)
Revenue	\$265M - \$275M
EBITDA	\$28M - \$33M

# Appendix



# Franklin Covey Financial Headlines

IN MILLIONS AND UNAUDITED

Franklin Covey	Q2 FY26	Q2 FY25	\$ Δ	% Δ	YTD Q2 FY 26	YTD Q2 FY 25	\$ Δ	% Δ	LTM Q2 FY 26	LTM Q2 FY 25	\$ Δ	% Δ
<b>Revenue</b>	59.6	59.6	0.0	0.1%	123.7	128.7	(5.0)	-3.9%	262.1	286.2	(24.1)	-8.4%
<b>Gross Profit %</b>	45.3	45.7	(0.5)	-1.0%	93.6	98.5	(4.8)	-4.9%	198.8	220.4	(21.6)	-9.8%
<i>Gross Profit %</i>	75.9%	76.7%	(84)	bps	75.7%	76.5%	(79)	bps	75.8%	77.0%	(117)	bps
<b>Operating SG&amp;A</b>	41.2	43.7	2.5	-5.8%	85.9	88.7	2.9	-3.2%	172.0	173.8	1.9	-1.1%
<i>Operating SG&amp;A %</i>	69.0%	73.3%	(426)	bps	69.4%	68.9%	48	bps	65.6%	60.7%	488	bps
<b>Adjusted EBITDA</b>	4.1	2.1	2.0	99.1%	7.8	9.7	(2.0)	-20.1%	26.8	46.6	(19.8)	-42.5%
<i>Adjusted EBITDA %</i>	6.9%	3.5%	342	bps	6.3%	7.6%	(127)	bps	10.2%	16.3%	(605)	bps

Note:

- 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.
- Amounts might not total due to rounding

Appendix

# Revenue Information

IN MILLIONS AND UNAUDITED

	FY 2024					FY 2025					FY 2026	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	FY2025	Q1	Q2
<b>Balance Sheet</b>												
<b>Roll-Forward of Deferred Revenue</b>												
Beginning Balance	99.0	87.2	86.1	83.8	99.0	107.9	95.7	94.4	89.3	107.9	111.7	100.2
Subscription & Committed Services Invoiced	24.7	34.6	34.5	62.9	156.8	24.7	33.9	31.7	61.4	151.7	26.0	39.3
Amounts Recorded to Revenue from Subscription & Committed Services	(36.6)	(35.7)	(36.7)	(38.8)	(147.9)	(36.9)	(35.2)	(36.8)	(39.1)	(147.9)	(37.5)	(38.0)
Change in Deferred Revenue	(11.9)	(1.1)	(2.3)	24.1	8.9	(12.2)	(1.3)	(5.1)	22.3	3.8	(11.5)	1.3
Ending Balance	87.2	86.1	83.8	107.9	107.9	95.7	94.4	89.3	111.7	111.7	100.2	101.5
<b>Unbilled Deferred Contracts</b>												
Beginning Balance (off balance sheet)	87.4	82.5	72.7	69.4	87.4	75.2	73.0	64.5	62.0	75.2	72.8	72.1
New Unbilled Contracts	7.2	8.8	8.9	20.5	45.4	7.8	9.8	7.3	23.5	48.4	8.5	10.6
Amounts Invoiced	(11.7)	(18.5)	(12.2)	(14.8)	(57.1)	(10.0)	(18.3)	(9.8)	(12.7)	(50.8)	(9.1)	(17.8)
Ending Balance (off balance sheet)	82.5	72.7	69.4	75.2	75.2	73.0	64.5	62.0	72.8	72.8	72.1	64.9
<b>Breakout of Subscription &amp; Committed Services Invoiced (above)</b>												
Enterprise Division Subscription & Committed Services Invoiced	21.4	29.9	25.3	30.7	107.3	18.5	30.2	23.6	27.4	99.7	23.7	36.3
Education Division Subscription Contracts	3.4	4.7	9.2	32.3	49.5	6.2	3.6	8.1	34.0	51.9	2.3	3.0
Total Additions to balance sheet	24.7	34.6	34.5	62.9	156.8	24.7	33.9	31.7	61.4	151.7	26.0	39.3

Notes:

- Subscription & Committed Services Invoiced includes AAP Subscriptions, Education Memberships and associated prepaid days, Executive Coaching, Committed Services and Other Invoiced Subscriptions. Unbilled portions of multi-year agreements are not included.
- Committed Services are non-cancellable and non-refundable contracts for training or materials in which payment is due in accordance with our normal terms from the signing of the contract rather than from the delivery of the services or materials
- Education Subscription Contracts consists of membership subscriptions which is recognized as Revenue over the course of the contract and Consulting which is recognized as Revenue upon delivery. These combined performance obligations are contracted, invoiced and paid together. See Deferred Subscription Revenue in the Definitions.
- Deferred Revenue is primarily a current liability. However, a small portion is long-term and recorded as a part of Other Liabilities..

Appendix

# Franklin Covey Revenue Analysis

IN MILLIONS AND UNAUDITED

	Enterprise Division				Education Division				Corporate			Total Company			
<b>Second Quarter</b>	FY26	FY25	Change	%	FY26	FY25	Change	%	FY26	FY25	Change	FY26	FY25	Change	%
Revenue															
Subscription Revenue	24.1	25.1	(0.9)	-3.7%	12.0	10.1	1.9	19.1%	-	-	-	36.2	35.2	1.0	2.9%
Subscription Services	11.0	11.0	0.0	0.4%	3.6	3.4	0.3	7.7%	-	-	-	14.7	14.4	0.3	2.1%
Other Revenue	6.4	7.5	(1.0)	-13.7%	1.8	1.6	0.2	15.3%	0.5	1.0	(0.5)	8.8	10.1	(1.3)	-12.6%
Total Revenue Recorded	41.6	43.6	(1.9)	-4.4%	17.5	15.1	2.4	16.2%	0.5	1.0	(0.5)	59.6	59.6	0.0	0.1%
Invoiced Amounts	52.0	48.7	3.3	6.7%	8.5	8.6	(0.1)	-1.3%	0.5	1.0	(0.5)	61.0	58.3	2.7	4.6%
Total Contracts Signed	44.9	40.1	4.8	11.9%	8.4	8.7	(0.3)	-3.8%	0.5	1.0	(0.5)	53.7	49.8	3.9	7.9%
<b>Last 12 Months Second Quarter</b>	FY26	FY25	Change	%	FY26	FY25	Change	%	FY26	FY25	Change	FY26	FY25	Change	%
Revenue															
Subscription Revenue	100.0	104.7	(4.7)	-4.5%	49.1	42.9	6.2	14.4%	-	-	-	149.1	147.6	1.5	1.0%
Subscription Services	52.1	58.1	(6.0)	-10.3%	22.2	26.3	(4.1)	-15.7%	-	-	-	74.3	84.4	(10.1)	-12.0%
Other Revenue	29.9	42.4	(12.5)	-29.5%	5.4	7.0	(1.5)	-22.2%	3.3	4.8	(1.5)	38.7	54.2	(15.5)	-28.6%
Total Revenue Recorded	182.0	205.2	(23.2)	-11.3%	76.7	76.2	0.5	0.7%	3.3	4.8	(1.5)	262.1	286.2	(24.1)	-8.4%
Invoiced Amounts	190.8	205.3	(14.5)	-7.1%	75.0	84.5	(9.5)	-11.2%	3.3	4.8	(1.5)	269.1	294.5	(25.4)	-8.6%
Total Contracts Signed	191.4	196.8	(5.4)	-2.7%	74.8	84.6	(9.9)	-11.7%	3.3	4.8	(1.5)	269.6	286.2	(16.7)	-5.8%
<b>As of February 28</b>	FY26	FY25	Change	%	FY26	FY25	Change	%	FY26	FY25	Change	FY26	FY25	Change	%
Deferred Revenue Balance	65.4	56.6	8.7	15.4%	36.1	37.8	(1.7)	-4.4%	-	-	-	101.5	94.4	7.1	7.5%
Unbilled Deferred Revenue Balance	64.3	63.6	0.7	1.0%	0.6	0.9	(0.3)	-28.7%	-	-	-	64.9	64.5	0.4	0.6%

Notes:

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

# Reconciliation Net Income (Loss) to Adj. EBITDA

IN THOUSANDS AND UNAUDITED

	Quarter Ended		Two Quarters Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Reconciliation of net income (loss) to Adjusted EBITDA:				
Net income (loss)	\$ (1,982)	\$ (1,076)	\$ (5,271)	\$ 105
Adjustments:				
Interest expense (income), net	63	(107)	43	(220)
Income tax provision (benefit)	(80)	(272)	(422)	134
Amortization	670	1,098	1,357	2,196
Depreciation	1,140	1,016	2,239	1,967
Stock-based compensation	2,664	1,346	4,094	3,513
Restructuring costs	1,510	-	4,954	1,984
Building exit costs	455	55	1,129	55
Gain on license liability restructuring	(338)	-	(338)	-
Adjusted EBITDA	<u>\$ 4,102</u>	<u>\$ 2,060</u>	<u>\$ 7,785</u>	<u>\$ 9,734</u>
Adjusted EBITDA margin	6.9%	3.5%	6.3%	7.6%

**Note:**

- 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.

Appendix

# Free Cash Flow

IN THOUSANDS AND UNAUDITED

	Two Quarters Ended	
	February 28, 2026	February 28, 2025
	(unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (5,271)	\$ 105
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,596	4,163
Amortization of capitalized curriculum costs	2,515	2,171
Stock-based compensation	4,094	3,513
Deferred income taxes	510	(145)
Amortization of right-of-use operating lease assets	449	287
Gain on license obligation restructuring	(338)	-
Changes in working capital	10,796	2,682
Net cash provided by operating activities	16,351	12,776
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(2,763)	(2,271)
Curriculum development costs	(4,085)	(2,380)
Reacquisition of license rights	-	(324)
Net cash used for investing activities	(6,848)	(4,975)
<b>Free Cash Flow</b>	<b>\$ 9,503</b>	<b>\$ 7,801</b>

# Enterprise Division Financial Summary

IN MILLIONS AND UNAUDITED

Enterprise	Q2 FY26	Q2 FY25	\$ Δ	% Δ	YTD Q2 FY 26	YTD Q2 FY 25	\$ Δ	% Δ	LTM Q2 FY 26	LTM Q2 FY 25	\$ Δ	% Δ
<b>Revenue</b>	41.6	43.6	(1.9)	-4.4%	89.1	95.1	(6.0)	-6.3%	182.0	205.2	(23.2)	-11.3%
<b>Gross Profit %</b>	34.2	36.0	(1.8)	-5.0%	72.5	77.8	(5.4)	-6.9%	148.5	169.6	(21.1)	-12.4%
<i>Gross Profit %</i>	82.2%	82.7%	(53)	bps	81.3%	81.8%	(49)	bps	81.6%	82.6%	(104)	bps
<b>Operating SG&amp;A</b>	27.3	30.7	3.4	-11.2%	57.8	62.3	4.5	-7.3%	116.9	122.3	5.4	-4.4%
<i>Operating SG&amp;A %</i>	65.5%	70.5%	(499)	bps	64.9%	65.5%	(65)	bps	64.2%	59.6%	464	bps
<b>Adjusted EBITDA</b>	6.9	5.3	1.6	30.4%	14.6	15.5	(0.8)	-5.4%	31.6	47.3	(15.7)	-33.2%
<i>Adjusted EBITDA %</i>	16.7%	12.2%	445	bps	16.4%	16.3%	16	bps	17.4%	23.0%	(568)	bps

Note:

- 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.
- Amounts might not total due to rounding

Appendix

# Enterprise Division Subscription & Related Revenue

IN MILLIONS AND UNAUDITED

	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YTD Q2FY25	YTD Q2FY26	LTM Q2FY25	LTM Q2FY26
Subscription Revenue	\$25.1	\$25.0	\$25.6	\$25.2	\$24.1	\$51.5	\$49.4	\$104.7	\$100.0
Subscription Service Revenue	11.0	14.9	14.0	12.2	11.0	25.6	23.2	58.1	52.1
<b>Total Subscription and Subscription Service Revenue</b>	<b>36.1</b>	<b>39.9</b>	<b>39.6</b>	<b>37.4</b>	<b>35.2</b>	<b>77.1</b>	<b>72.6</b>	<b>162.8</b>	<b>152.1</b>
<b>Subscription Related Services Attach Rate</b>	<b>44%</b>	<b>60%</b>	<b>55%</b>	<b>48%</b>	<b>46%</b>	<b>50%</b>	<b>47%</b>	<b>56%</b>	<b>52%</b>
Other Revenue	7.5	7.3	6.1	10.0	6.4	18.1	16.5	42.4	29.9
<b>Total Enterprise Revenue</b>	<b>\$43.6</b>	<b>\$47.3</b>	<b>\$45.7</b>	<b>\$47.5</b>	<b>\$41.6</b>	<b>\$95.1</b>	<b>\$89.1</b>	<b>\$205.2</b>	<b>\$182.0</b>

	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YTD Q2FY25	YTD Q2FY26	LTM Q2FY25	LTM Q2FY26
North America Revenue	\$34.5	\$37.1	\$35.9	\$36.3	\$32.5	\$74.7	\$68.7	162.2	141.7
International Revenue	\$9.0	\$10.2	\$9.8	\$11.2	\$9.2	\$20.5	\$20.4	43.0	40.3
<b>Total Enterprise Division</b>	<b>\$43.6</b>	<b>\$47.3</b>	<b>\$45.7</b>	<b>\$47.5</b>	<b>\$41.6</b>	<b>95.1</b>	<b>89.1</b>	<b>205.2</b>	<b>182.0</b>

Note:

- Q2FY26 and Q1FY26 contains \$0.6M and \$1.6M, respectfully, of services revenue included in non-subscription revenue that historically would have been recorded in subscription services revenue. This is related to a large IP contract that converted from a subscription to non-subscription in Q4FY24 but continues to be a large strategic client. On a normalized basis, if this client would have remained a subscription account, the attach rate in Q2FY26 would have been 48% and in Q1FY26 the attach rate would have been 55%.
- Amounts might not total due to rounding.

Appendix

# Education Division Financial Summary

IN MILLIONS AND UNAUDITED

Education	Q2 FY26	Q2 FY25	\$ Δ	% Δ	YTD Q2 FY 26	YTD Q2 FY 25	\$ Δ	% Δ	LTM Q2 FY 26	LTM Q2 FY 25	\$ Δ	% Δ
<b>Revenue</b>	17.5	15.1	2.4	16.2%	33.6	31.5	2.1	6.5%	76.7	76.2	0.5	0.7%
<b>Gross Profit %</b>	10.8	9.3	1.5	15.5%	20.7	19.7	0.9	4.8%	48.7	49.1	(0.4)	-0.9%
<i>Gross Profit %</i>	61.6%	61.9%	(36)	bps	61.6%	62.6%	(104)	bps	63.5%	64.5%	(102)	bps
<b>Operating SG&amp;A</b>	10.4	9.6	(0.7)	7.4%	21.2	19.8	(1.4)	7.2%	41.0	39.0	(2.0)	5.1%
<i>Operating SG&amp;A %</i>	59.2%	64.0%	(481)	bps	63.1%	62.8%	36	bps	53.4%	51.2%	222	bps
<b>Adjusted EBITDA</b>	0.4	(0.3)	0.7		(0.5)	(0.0)	(0.5)		7.7	10.1	(2.4)	-23.9%
<i>Adjusted EBITDA %</i>	2.4%	-2.1%	445		-1.5%	-0.1%	(140)		10.1%	13.3%	(324)	bps

Note:

- 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.
- Amounts might not total due to rounding



# Other Information

## OTHER INCOME STATEMENT INFORMATION:

- Depreciation: \$4.1M in FY2025, expected to total approximately \$4.5M in FY2026.
- Amortization: \$4.4M in FY2025, expected to total approximately \$3.0M in FY2026.
- Net Interest Income: \$0.4M in FY2025 and Net Interest Income expected to total approximately \$0.3M in FY2026.
- Effective Tax Rate: Our normalized future effective tax rate is expected to eventually be 28% to 32%, before unusual permanent book/tax differences. Our current estimate of the effective tax rate for fiscal 2026 is approximately 37%.

## OTHER INFORMATION:

- Capital Expenditures: \$8.3M in FY2025, expected to total approximately \$5M to \$7M in FY2026.
- Capitalized Curriculum excluding acquired content: \$7.6M in FY2025, expected to total approximately \$8M to \$10M in FY2026.
- Share Count: 11,164k shares outstanding as of February 28, 2006. 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.
- The impact of FX on Revenue in the second quarter of 2026 was a \$0.7M increase to Revenue and \$0.2M increase on Adjusted EBITDA. The YTD second quarter of 2026 impact of FX on Revenue is a \$0.8M increase to Revenue and a \$0.3M increase on Adjusted EBITDA.

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

# Definitions

- “Deferred Revenue” primarily consists of billings or payments received in advance of revenue being recognized from subscription and services. Deferred revenue is recognized as revenue as the recognition criteria are met. AAP contracts are generally invoiced in annual installments upon execution of a contract and are recognized over the term of the contract as subscription revenue. Executive coaching contracts are also invoiced in installments, the length depending upon the nature of the contract, and is recognized over the term of the contracts also as subscription revenue. Committed Services contracts are non-cancellable and non-refundable contracts for training or materials in which payment is due in accordance with our normal terms from the signing of the contracts rather from the delivery of the services and materials and is recognized as the performance obligations are satisfied as subscription service revenue. 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. As these obligations are satisfied, the revenue is classified as subscription revenue in the tables included in this presentation. The deferred revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, contract duration, invoice timing and contract size.
- “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 Revenue 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.
- “Subscription Services Revenue” is a sale which has been recognized from a client that has purchased 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 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, building exit costs related to vacating our prior corporate offices, and unusual or one-time charges. See the Reconciliation of Net Income or Loss to Adjusted EBITDA in additional financial information.

# Definitions

- “Adjusted EBITDA” (earnings before interest, income taxes, depreciation, intangible asset 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.
- “Free Cash Flow” is defined as GAAP calculated cash flows from operating activities less capitalized expenditures for purchases of property and equipment, curriculum development, and content or license rights.
- The Company references Adjusted EBITDA and Free Cash Flow 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 or Free Cash Flow 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.
- “North America Revenue” consists of revenue generated by our direct offices in the United States and Canada, including government Revenue.
- “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).



Thank you.

**FranklinCovey**