



Investor Update

Third Quarter

Fiscal 2026

JULY 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.

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 Key Metrics

In millions and unaudited

Performance Snapshot

QUARTER 3
FISCAL YEAR 2026

<p>Q3FY26 Revenue</p> <p>\$67.8M</p> <p>Prior: \$67.1M (Q3FY25)</p>	<p>YTD Q3FY26 Revenue</p> <p>\$191.5M</p> <p>Prior: \$195.8M (YTD Q3FY25)</p>	<p>Q3FY26 Adjusted EBITDA</p> <p>\$8.3M</p> <p>Prior: \$7.3M (Q3FY25)</p>
<p>YTD Q3FY26 Adjusted EBITDA</p> <p>\$16.1M</p> <p>Prior: \$17.0M (YTD Q3FY25)</p>	<p>Q3FY26 Deferred Revenue Balance</p> <p>\$96.0M</p> <p>Prior: \$89.3M (Q3FY25)</p>	<p>YTD Q3FY26 Free Cash Flows</p> <p>\$8.5M</p> <p>Prior: \$10.6M (YTD Q3FY25)</p>

NOTE

Adjusted EBITDA and Free Cash Flows are non-GAAP, please see Appendix for additional information. Deferred Revenue Balance is comprised of \$93M in Current Liabilities and \$3M in Long Term Liabilities.

Enterprise Division | North America Key Metrics

In millions and unaudited

Performance Snapshot

QUARTER 3
FISCAL YEAR 2026

<p>Q3FY26 Revenue</p> <p>\$38.0M</p> <p>Prior: \$37.1M (Q3FY25)</p>	<p>Q3FY26 Invoiced</p> <p>\$36.7M</p> <p>Prior: \$35.2M (Q3FY25)</p>	<p>Q3FY26 Subscription & Services Revenue</p> <p>\$34.3M</p> <p>Prior: \$35.4M (Q3FY25)</p>
<p>Q3FY26 Billed Deferred Revenue Balance</p> <p>\$58.0M</p> <p>Prior: \$49.1M (Q3FY25)</p>	<p>Q3FY26 Unbilled Deferred Revenue Balance</p> <p>\$56.0M</p> <p>Prior: \$56.4M (Q3FY25)</p>	<p>Q3FY26 AAP Multi-Year Contract Value</p> <p>60%</p> <p>Prior: 62% (Q3FY25)</p>

Enterprise Division | International Key Metrics

In millions and unaudited

Performance Snapshot

QUARTER 3
FISCAL YEAR 2026

Q3FY26 Revenue	YTD Q3FY26 Revenue	Q3FY26 Invoiced
<p data-bbox="341 672 677 779">\$10.1M</p> <p data-bbox="351 825 667 858">Prior: \$10.2M (Q3FY25)</p>	<p data-bbox="1087 672 1460 779">\$30.4M</p> <p data-bbox="1087 825 1460 858">Prior: \$30.7M (YTD Q3FY25)</p>	<p data-bbox="1888 672 2193 779">\$9.8M</p> <p data-bbox="1888 825 2193 858">Prior: \$10.7M (Q3FY25)</p>

Education Division Key Metrics

In millions and unaudited

Performance Snapshot

QUARTER 3
FISCAL YEAR 2026

Q3FY26
Revenue

\$19.0M

Prior: **\$18.6M** (Q3FY25)

Q3FY26
Invoiced

\$15.1M

Prior: **\$15.0M** (Q3FY25)

Q3FY26
Subscription & Services Revenue

\$18.0M

Prior: **\$17.8M** (Q3FY25)

Q3FY26
Billed Deferred Revenue Balance

\$32.2M

Prior: **\$34.1M** (Q3FY25)

Fiscal 2026 Guidance

The Company revises annual FY2026 guidance.

FISCAL YEAR
2026

GUIDANCE
(in constant currency)

Revenue

\$260M - \$267M

**Adjusted
EBITDA**

\$28M - \$31M

NOTE

Adjusted EBITDA and Free Cash Flows are non-GAAP, please see Appendix for additional information.

Appendix

Q3

FY26

Financial Headlines

In millions and unaudited

Franklin Covey	Q3 FY26	Q3 FY25	\$ Δ	% Δ	YTD Q3 FY 26	YTD Q3 FY 25	\$ Δ	% Δ	LTM Q3 FY 26	LTM Q3 FY 25	\$ Δ	% Δ
Revenue	67.8	67.1	0.7	1.0%	191.5	195.8	(4.3)	-2.2%	262.7	279.9	(17.2)	-6.1%
Gross Profit %	50.1	51.3	(1.2)	-2.4%	143.7	149.8	(6.0)	-4.0%	197.5	215.5	(18.0)	-8.3%
<i>Gross Profit %</i>	73.9%	76.5%	(258)	bps	75.1%	76.5%	(143)	bps	75.2%	77.0%	(181)	bps
Operating SG&A	41.8	44.0	2.2	-5.1%	127.6	132.7	5.1	-3.8%	169.7	175.5	5.8	-3.3%
<i>Operating SG&A %</i>	61.6%	65.6%	(398)	bps	66.6%	67.8%	(114)	bps	64.6%	62.7%	188	bps
Adjusted EBITDA	8.3	7.3	1.0	14.0%	16.1	17.0	(0.9)	-5.4%	27.8	40.0	(12.2)	-30.4%
<i>Adjusted EBITDA %</i>	12.3%	10.9%	140	bps	8.4%	8.7%	(29)	bps	10.6%	14.3%	(369)	bps

NOTES

– 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.

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	Q3
Balance Sheet													
Roll-Forward of Deferred Revenue													
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	101.5
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	37.0
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)	(42.5)
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	(5.5)
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	96.0
Unbilled Deferred Contracts													
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	64.9
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	7.3
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)	(11.1)
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	61.1
Breakout of Subscription & Committed Services Invoiced (above)													
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	27.8
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	9.3
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	37.0

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.

Franklin Covey Revenue Analysis

In millions and unaudited

Third Quarter	Enterprise Division				Education Division				Corporate			Total Company			
	FY26	FY25	Change	%	FY26	FY25	Change	%	FY26	FY25	Change	FY26	FY25	Change	%
Revenue															
Subscription Revenue	24.9	25.0	(0.1)	-0.4%	13.1	11.8	1.3	10.9%	-	-	-	38.0	36.8	1.2	3.2%
Subscription Services	14.6	14.9	(0.3)	-2.2%	5.0	6.0	(1.1)	-17.6%	-	-	-	19.5	20.9	(1.4)	-6.6%
Other Revenue	8.6	7.3	1.2	16.9%	1.0	0.9	0.1	15.4%	0.7	1.2	(0.5)	10.3	9.4	0.9	9.4%
Total Revenue Recorded	48.1	47.3	0.8	1.7%	19.0	18.6	0.4	1.9%	0.7	1.2	(0.5)	67.8	67.1	0.7	1.0%
Invoiced Amounts	46.5	45.8	0.6	1.4%	15.1	15.0	0.1	0.8%	0.7	1.2	(0.5)	62.3	62.1	0.3	0.4%
Total Contracts Signed	42.6	43.3	(0.7)	-1.6%	15.2	15.1	0.1	0.9%	0.7	1.2	(0.5)	58.6	59.6	(1.0)	-1.7%
Last 12 Months Third Quarter	Enterprise Division				Education Division				Corporate			Total Company			
	FY26	FY25	Change	%	FY26	FY25	Change	%	FY26	FY25	Change	FY26	FY25	Change	%
Revenue															
Subscription Revenue	99.9	103.4	(3.5)	-3.4%	50.4	44.3	6.1	13.8%	-	-	-	150.3	147.7	2.6	1.8%
Subscription Services	51.8	56.8	(5.0)	-8.8%	21.1	24.5	(3.4)	-13.7%	-	-	-	72.9	81.3	(8.4)	-10.3%
Other Revenue	31.2	40.4	(9.3)	-23.0%	5.5	5.8	(0.3)	-4.5%	2.9	4.8	(1.9)	39.6	51.0	(11.4)	-22.4%
Total Revenue Recorded	182.8	200.6	(17.8)	-8.9%	77.0	74.6	2.5	3.3%	2.9	4.8	(1.9)	262.7	279.9	(17.2)	-6.1%
Invoiced Amounts	191.4	200.3	(8.9)	-4.4%	75.1	80.5	(5.3)	-6.6%	2.9	4.8	(1.9)	269.4	285.5	(16.1)	-5.6%
Total Contracts Signed	190.8	192.6	(1.8)	-0.9%	74.9	80.8	(5.9)	-7.3%	2.9	4.8	(1.9)	268.5	278.1	(9.6)	-3.4%
As of May 31	Enterprise Division				Education Division				Corporate			Total Company			
	FY26	FY25	Change	%	FY26	FY25	Change	%	FY26	FY25	Change	FY26	FY25	Change	%
Deferred Revenue Balance	63.8	55.2	8.6	15.5%	32.2	34.1	(1.9)	-5.6%	-	-	-	96.0	89.3	6.7	7.5%
Unbilled Deferred Revenue Balance	60.4	61.0	(0.6)	-1.1%	0.7	1.0	(0.2)	-24.2%	-	-	-	61.1	62.0	(0.9)	-1.4%

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		Three Quarters Ended	
	May 31, 2026	May 31, 2025	May 31, 2026	May 31, 2025
Reconciliation of net income (loss) to Adjusted EBITDA:				
Net income (loss)	\$ 3,085	\$ (1,409)	\$ (2,186)	\$ (1,304)
Adjustments:				
Interest expense (income), net	30	(76)	72	(295)
Income tax provision (benefit)	1,081	(718)	659	(584)
Amortization	614	1,098	1,971	3,294
Depreciation	1,185	1,012	3,424	2,979
Stock-based compensation	1,497	2,217	5,591	5,730
Restructuring costs	696	4,739	5,650	6,723
Building exit costs	143	444	1,272	498
Gain on license liability restructuring	-	-	(338)	-
Adjusted EBITDA	\$ 8,331	\$ 7,307	\$ 16,115	\$ 17,041
Adjusted EBITDA margin	12.3%	10.9%	8.4%	8.7%

NOTES

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

Free Cash Flow

In thousands and unaudited

	Three Quarters Ended	
	May 31, 2026	May 31, 2025
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (2,186)	(1,304)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,395	6,273
Amortization of capitalized curriculum costs	4,078	3,269
Stock-based compensation	5,591	5,730
Deferred income taxes	33	12
Amortization of right-of-use operating lease assets	640	392
Gain on license obligation restructuring	(338)	-
Changes in working capital	4,263	4,667
Net cash provided by operating activities	<u>17,476</u>	<u>19,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,920)	(4,050)
Curriculum development costs	(5,079)	(4,095)
Reacquisition of license rights	-	(324)
Net cash used for investing activities	<u>(8,999)</u>	<u>(8,469)</u>
Free Cash Flow	<u>\$ 8,477</u>	<u>\$ 10,570</u>

Enterprise Division Financial Summary

In millions and unaudited

Enterprise	Q3 FY26	Q3 FY25	\$ Δ	% Δ	YTD Q3 FY 26	YTD Q3 FY 25	\$ Δ	% Δ	LTM Q3 FY 26	LTM Q3 FY 25	\$ Δ	% Δ
Revenue	48.1	47.3	0.8	1.7%	137.2	142.4	(5.2)	-3.7%	182.8	200.6	(17.8)	-8.9%
Gross Profit %	37.8	38.6	(0.8)	-1.9%	110.3	116.4	(6.1)	-5.3%	147.8	165.6	(17.9)	-10.8%
<i>Gross Profit %</i>	78.7%	81.6%	(293)	bps	80.4%	81.7%	(135)	bps	80.8%	82.6%	(174)	bps
Operating SG&A	28.0	30.7	2.7	-8.8%	85.8	93.1	7.3	-7.8%	114.2	123.9	9.7	-7.8%
<i>Operating SG&A %</i>	58.3%	65.0%	(672)	bps	62.6%	65.3%	(279)	bps	62.5%	61.8%	69	bps
Adjusted EBITDA	9.8	7.9	2.0	24.9%	24.5	23.4	1.1	4.8%	33.6	41.7	(8.2)	-19.5%
<i>Adjusted EBITDA %</i>	20.4%	16.6%	379	bps	17.8%	16.4%	144	bps	18.4%	20.8%	(243)	bps

NOTES

– 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.

Enterprise Division and North America Segment Subscription & Related Revenue

In millions and unaudited

Total Enterprise Division	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YTD Q3FY25	YTD Q3FY26	LTM Q3FY25	LTM Q3FY26
Subscription Revenue	\$26.4	\$25.1	\$25.0	\$25.6	\$25.2	\$24.1	\$24.9	\$76.5	\$74.3	\$103.4	\$99.9
Subscription Service Revenue	14.6	11.0	14.9	14.0	12.2	11.0	14.6	40.5	37.8	56.8	51.8
Total Subscription and Subscription Service Revenue	41.0	36.1	39.9	39.6	37.4	35.2	39.5	117.0	112.1	160.2	151.7
Subscription Related Services Attach Rate	55%	44%	60%	55%	48%	46%	59%	53%	51%	55%	52%
Other Revenue	10.6	7.5	7.3	6.1	10.0	6.4	8.6	25.4	25.1	40.4	31.2
Total Enterprise Revenue	\$51.6	\$43.6	\$47.3	\$45.7	\$47.5	\$41.6	\$48.1	\$142.4	\$137.2	\$200.6	\$182.8

North America Segment	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YTD Q3FY25	YTD Q3FY26	LTM Q3FY25	LTM Q3FY26
Subscription Revenue	\$23.5	\$22.3	\$22.5	\$22.8	\$22.3	\$21.5	\$22.0	\$68.4	\$65.9	\$92.6	\$88.7
Subscription Service Revenue	12.5	9.7	12.8	12.2	9.9	9.4	12.3	35.1	31.6	49.2	43.8
Total Subscription and Subscription Service Revenue	36.0	32.0	35.4	35.0	32.2	30.9	34.3	103.4	97.4	141.8	132.4
Subscription Related Services Attach Rate	53%	44%	57%	53%	44%	44%	56%	51%	48%	53%	49%
Other Revenue	4.1	2.5	1.7	0.9	4.1	1.6	3.7	8.3	9.3	16.8	10.2
Total North America	\$40.1	\$34.5	\$37.1	\$35.9	\$36.3	\$32.5	\$38.0	\$111.7	\$106.8	\$158.7	\$142.7

NOTES

– The Total Enterprise Division and North American Segment Q1FY26, Q2FY26 and Q3FY26 contains \$1.6M, \$0.6M and \$1.8M, respectively, 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 Q1FY26, Q2FY26, and Q3FY26 would have been 55%, 48%, and 66%, respectively in the Enterprise Division and would have been 52%, 46%, and 64% in the North America Segment, respectively.

– Amounts might not total due to rounding.

Education Division Financial Summary

In millions and unaudited

Education	Q3 FY26	Q3 FY25	\$ Δ	% Δ	YTD Q3 FY 26	YTD Q3 FY 25	\$ Δ	% Δ	LTM Q3 FY 26	LTM Q3 FY 25	\$ Δ	% Δ
Revenue	19.0	18.6	0.4	1.9%	52.6	50.2	2.4	4.8%	77.0	74.6	2.5	3.3%
Gross Profit %	11.9	12.2	(0.3)	-2.4%	32.6	32.0	0.6	2.0%	48.4	48.1	0.3	0.6%
<i>Gross Profit %</i>	62.8%	65.6%	(276)	bps	62.0%	63.7%	(169)	bps	62.8%	64.5%	(167)	bps
Operating SG&A	10.3	10.2	(0.1)	0.8%	31.5	30.0	(1.5)	5.0%	41.0	39.0	(2.0)	5.1%
<i>Operating SG&A %</i>	54.0%	54.6%	(62)	bps	59.8%	59.7%	9	bps	53.3%	52.4%	92	bps
Adjusted EBITDA	1.7	2.1	(0.4)	-17.9%	1.2	2.0	(0.8)	-41.9%	7.3	9.0	(1.7)	-18.8%
<i>Adjusted EBITDA %</i>	8.9%	11.0%	(214)	bps	2.2%	4.0%	(178)	bps	9.5%	12.1%	(259)	bps

NOTES

– 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
- **Net Interest Expense:** \$0.2M expected 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 \$6-8M in FY2026.
- **Share Count:** 11,273k shares outstanding as of May 31, 2026. 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 third quarter of 2026 was a \$0.3M increase to Revenue and no impact on Adjusted EBITDA. The YTD third quarter of 2026 impact of FX on Revenue is a \$1.1M increase to Revenue and a \$0.3M increase on Adjusted EBITDA

NOTES

– 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.
- **“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).

