FranklinCovey Signs Agreement to Transition its China Operations to Local Ownership

November 2, 2026

Locally Owned Licensee Partner to Provide Greater Flexibility in Serving Clients in China.
Transaction Not Expected to Have a Material Impact on FranklinCovey's Overall Profitability.

SALT LAKE CITY--(BUSINESS WIRE)--Nov. 2, 2026-- Franklin Covey Co. (NYSE: FC), a global leadership and organizational performance partner that gives strategy the human edge, announced today that it has signed a definitive agreement to divest its direct operations in China. The business will be acquired by Shanghai Hanquan Trading Co., Ltd., a company led by Yvonne Feng, who has led FranklinCovey's business in China for approximately ten years. Following closing, the business will operate as a locally owned licensee partner of FranklinCovey. The transaction is expected to close by the end of the second quarter of fiscal 2027, subject to customary closing conditions, including the completion of local regulatory registrations and a reduction of the registered capital of the China entities. The transaction is not expected to have a material impact on FranklinCovey's overall profitability.

Until closing, the China entities will remain owned by FranklinCovey, and their results will continue to be consolidated in the Company's financial statements. Following closing, FranklinCovey expects to receive royalties from the licensee partner under a license agreement, consistent with its other international licensee partner relationships.

"Our belief in the importance and relevance of the universal principles FranklinCovey teaches in China has not changed," said Paul Walker, FranklinCovey CEO. "As the external environment has evolved, we determined that local ownership will provide greater flexibility to navigate the market while continuing to help organizations and leaders achieve lasting results. China remains one of the world's most significant economies, and we're confident this transition will enable the business to respond with even greater agility to local market needs."

FranklinCovey and the China business intend to maintain a close relationship to ensure clients in China continue to have access to FranklinCovey's content and solutions. Client services will continue without interruption through the transition and after closing, with existing agreements, scheduled programs, and platform access remaining in effect.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including those statements related to the Company's future results and profitability and other goals relating to the growth and operations of the Company. Forward-looking statements are based upon management's current expectations and are subject to various risks and uncertainties including, but not limited to: general macroeconomic conditions; renewals of subscription contracts; the impact of strategic projects and initiatives on future financial results; growth in and client demand for add-on services; market acceptance of new products or services, including new AAP portal upgrades and content launches; impacts from geopolitical trade tensions and the general business environment; and other factors identified and discussed in the Company's most recent Annual Report on Form 10-K and other periodic reports filed with the Securities and Exchange Commission. Many of these conditions are beyond the Company's control or influence, any one of which may cause future results to differ materially from the Company's current expectations, and there can be no assurance that the Company's actual future performance will meet management's expectations. These forward-looking statements are based on management's current expectations, and the Company undertakes no obligation to update or revise these forward-looking statements to reflect events or circumstances subsequent to this press release.

About FranklinCovey Co.

FranklinCovey (NYSE: FC) is a global leadership and organizational performance partner that gives strategy the human edge. It helps organizations achieve the breakthrough results that matter most. Using proven, principle-centered frameworks and practices, it builds high-trust leaders, teams and cultures and helps clients translate strategy into consistent execution. For more than 40 years, it has tested this approach with thousands of clients from Fortune 100 companies to educational and government institutions, providing professional services across 160 countries. Visit FranklinCovey.com and explore leadership insights on LinkedIn, Facebook, X, Instagram, and YouTube.

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Media Contact
Debra Lund
Debra.lund@franklincovey.com
801-244-4474

Investor Contact
Boyd Roberts
investor.relations@franklincovey.com
801-817-5127

Source: Franklin Covey Co.