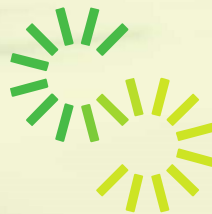


Underappreciated business transformation



Symmetry Invest A/S

04.02.2021



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- The report is passed through to fellow fund managers or investment advisors around the world as it is normal for investment managers to share ideas with each other
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ABOUT SYMMETRY INVEST

- Global long/short equity fund
- Regulated by danish FSA
- Investing in underfollowed companies with structural growth run by founder CEO's
- 21,3 % annual return since inception
- Find us on www.symmetry.dk
- aa@symmetry.dk



Founder and CEO
Andreas Aaen



Portfolio Manager
Henrik Abrahamsson

	2020	Total	IRR
Symmetry	40,4%	353,4%	21,3%
MSCI ACWI	12,3%	89,8%	8,5%
Stoxx 600	-4,0%	38,6%	4,3%

WHY BELIEVE? OUR TRACK RECORD

WE ONLY PUBLISH A FEW IDEAS PER YEAR

- Long term investors in our best ideas
- As we only do a few new ideas per year we can focus on quality over quantity.
- 6 ideas published in 2019-2020

	Open	Current	Dividend	Months	1-day-return	Return	IRR
Piteco	5	11,2	0,3	20	1,4%	130,0%	64,8%
Quartix	300	450	9,2	14	1,1%	53,1%	44,0%
Where Food Comes From	7,6	13,8	0	10	12,9%	81,6%	105,2%
Naked Wines	318	730	0	9	11,9%	129,6%	203,6%
Protector Forsikring	38	63	0	7	3,8%	65,8%	138,4%
Gaming Innovation Group	7,5	12,5	0	3	19,9%	66,7%	677,8%
Average					8,5%	87,8%	205,6%

NOW WE HAVE A NEW IDEA WITH > EQUAL RETURNS

Franklin Covey (FC)

FC (NYSE)

- FC trades at a single digit forward FCF multiple
- We think FC has 3-4x upside over the next 2-4 years.
- FC has undergone an attractive business transformation
- The current runway for growth is significant and the management team is aligned and well positioned to take advantage of it.

	2021	2022	2023	2024
EBITDA	22.476	33.755	50.147	65.979
EBITDA growth		50%	49%	32%
EBITDA margin	9,8%	12,9%	17,1%	20,3%
Net cash	20.000	44.700	83.400	134.500
Free cash flow	15.900	24.700	38.700	51.100
Enterprise value	327.100	318.300	304.300	291.900
EV / FCF	20,6	12,9	7,9	5,7
FCF yield	4,9%	7,8%	12,7%	17,5%

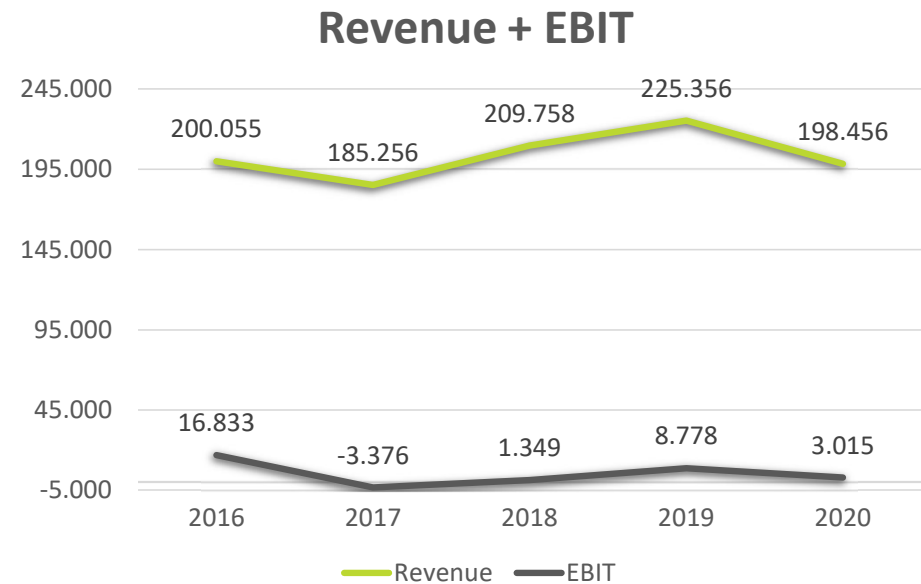
Business don't look good

At first this doesn't look like a good business

How does it look?

- Flat revenue
- Declining margins
- Stable cash flow

But investors should dig a little deeper



Its a high quality business

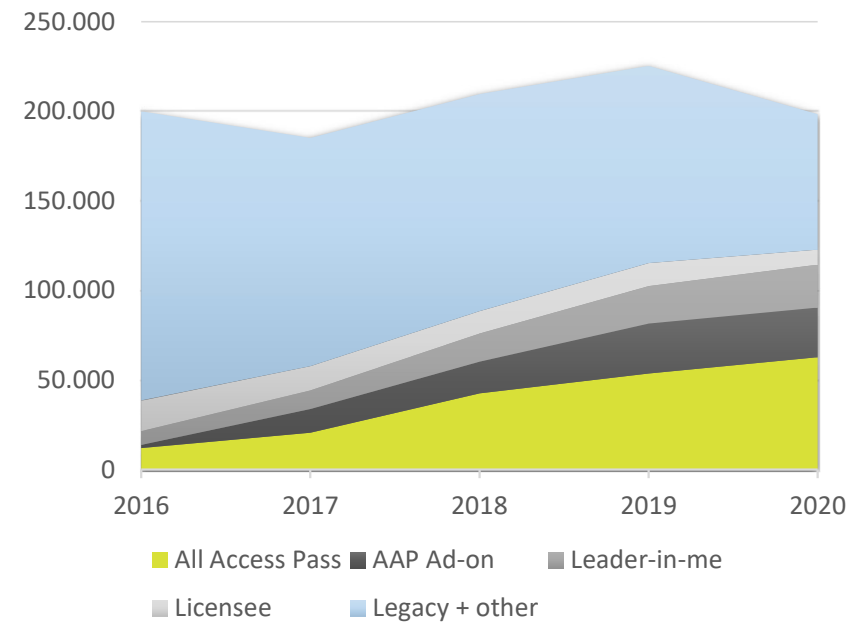
With a growing subscription business

4 high quality revenue streams

- All Access Pass + add on
- International licensee
- Education

With a declining legacy business

Revenue split



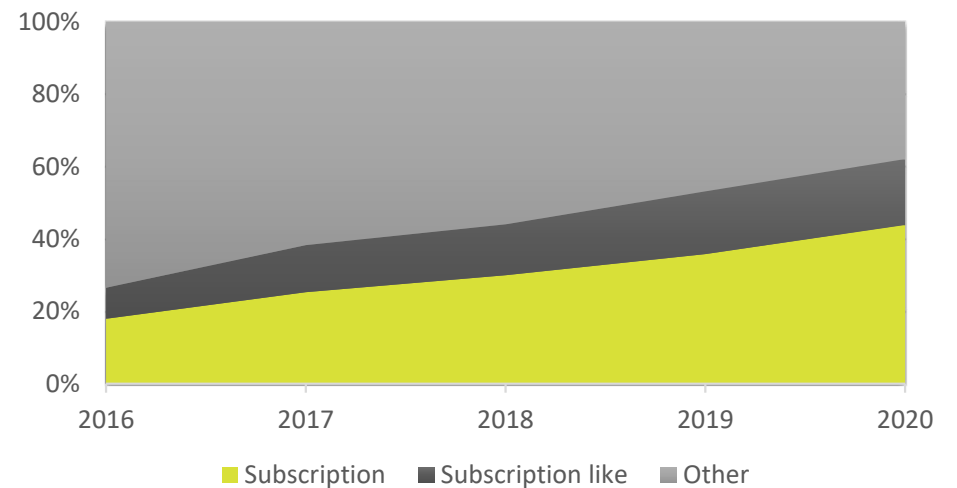
At an inflection point

Majority of business is now subscription

- High growth
- High margin
- High cash flow
- Big TAM
- Good unic economics

With a declining legacy business

Revenue split



What is Franklin Covey?

Changing human behaviour at scale

- Leadership development
- Salesforce efficiency
- Consumer loyalty
- Trust and culture
- Bias and inclusion

Winning in our Market Space



Content is king

Businesses that monetize high quality content is winning

- Unique IP exclusive to FC
- Big differentiator to competition
- Over 50 million books sold

“Fads come and go in the industry, but Franklin Covey content has stood the test of time”

Most Impactful Thought Leadership



Content is king

Delivered through many modalities

- Live
- Online
- Live Online
- Micro-learning
- E-learning

Competitors sell mainly single course live events

Strategic Moat #2: Flexibility at Scale



Digital – On-Demand:

- On demand digital content

Microlearning:

- Hour long training courses

Live – In-Person:

- Conference room training sessions

Live – Virtual:

- Video conferencing with instructor



LiveClicks
Digital Technology



LiveClicks
InSights
on demand



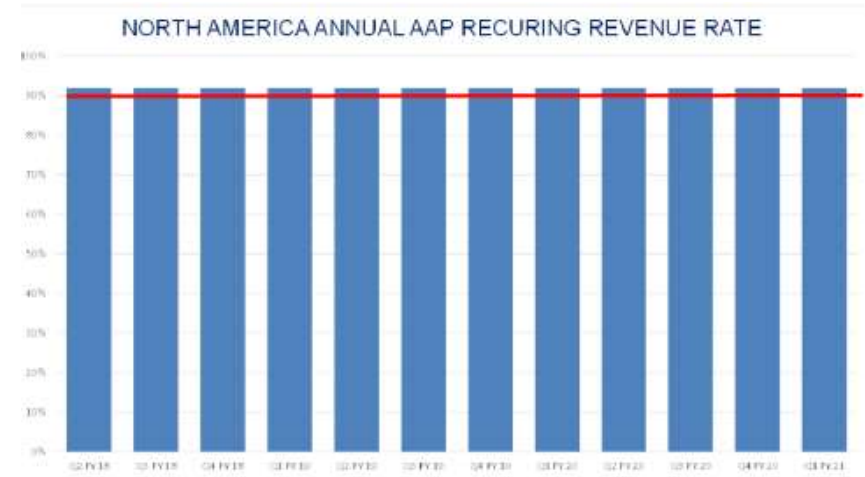
- ✓ 21 languages
- ✓ Desirable delivery modalities
- ✓ Implementation services
- ✓ Coaching and delivery services
- ✓ Best solutions for institutionalized behavioral change

All Access Pass

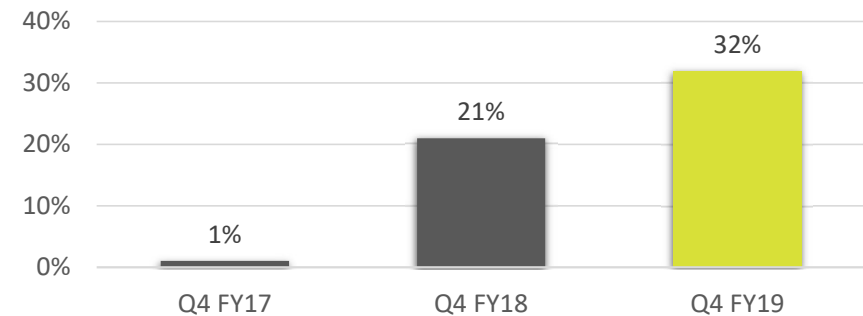
Great unit economics

- + 90 % net revenue retention each quarter
- 90-105 % (symmetry estimate)
- +30 % of contracts is multi-year contracts and growing
- Great bookings growth

AAP showed big resilience during Covid



APP CLIENTS (US/CANADA) WITH MULTI-YEAR CONTRACTS AS OF YEAR-END



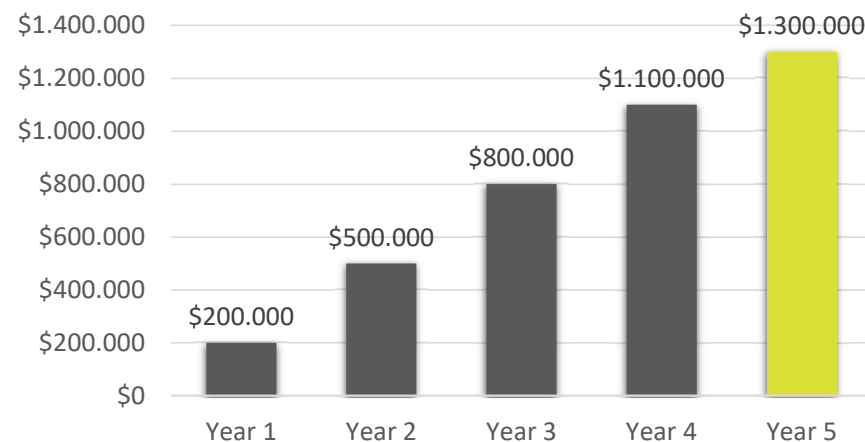
All Access Pass

AAP to significant ramp client partners

- Clients partners are paid 10 % comission
- Selling 80 % gross margin products
- High incremental margins on incremental revenue

Incremental revenue	6.710	5.295	5.897	3.809	5.545	347	4.784	3.389	(18.901)	(16.171)	(10.289)
Incremental EBITDA	3.378	122	3.699	2.411	3.065	2.047	1.792	3.092	(6.713)	(4.494)	(1.245)
Flow-through	50,3%	2,3%	62,7%	63,3%	55,3%	589,9%	37,5%	91,2%	35,5%	27,8%	12,1%

CLIENT PARTNER RAMP*



*See Client Partner ramp definition in Appendix.

Year	10 New Passes	20% Add-On Services	90% Renevue Renewal	Total Revenue
1	\$300,000	\$60,000		\$360,000
2	\$300,000	\$114,000	\$270,000	\$684,000
3	\$300,000	\$162,600	\$513,000	\$975,600
4	\$300,000	\$206,340	\$731,700	\$1,238,040
5	\$300,000	\$245,706	\$928,530	\$1,474,236
6	\$300,000	\$281,135	\$1,105,677	\$1,686,812
7	\$300,000	\$313,022	\$1,265,109	\$1,878,131
8	\$300,000	\$341,720	\$1,408,598	\$2,050,318
9	\$300,000	\$367,548	\$1,537,739	\$2,205,286
10	\$300,000	\$390,793	\$1,653,965	\$2,344,758

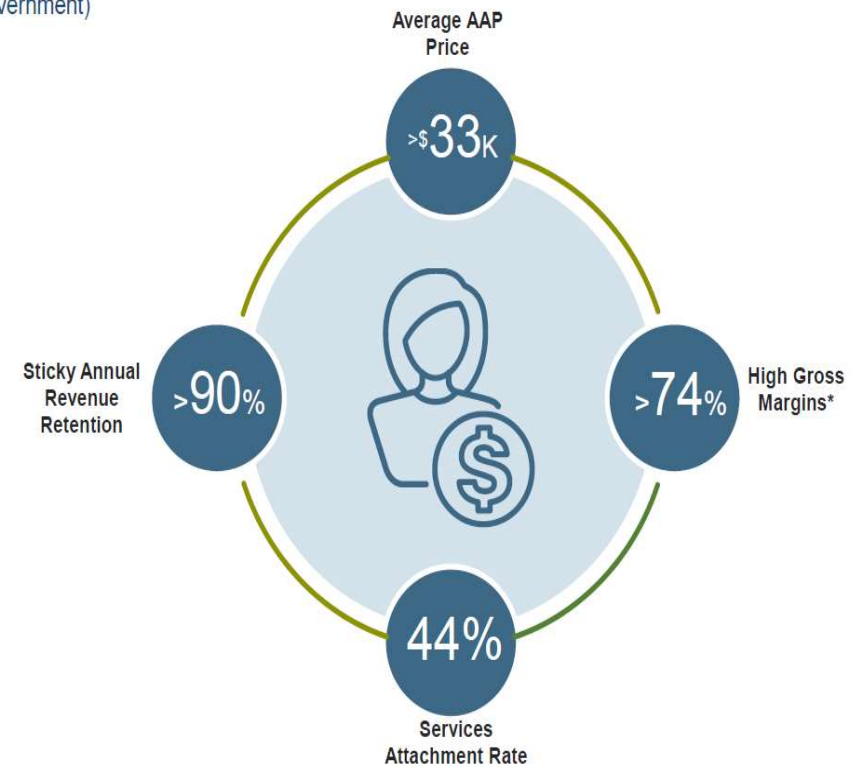
All Access Pass

Compelling unit economics

- High first order (+40.000 \$)
- Payback time on new client partners <- 12 months
- Incremental EBITDA 50-60 %

Lifetime Customer Value

(U.S./Canada/Government)



Network effects

The business has significant network effects

- Companies want the best content, with most delivery modalities at lowest price per seat.
- IP holders want to license to the platform that can pay the most
- IP owners want to go where other successful IP owners is
- IP deals is exclusive

First among those is that we're helping our clients to successfully address some of their most important and intractable organizational challenges. During the third quarter, our clients wrestled through the same historic challenges that each of us here on this call experienced. They moved large populations of employees from their office or school to remote work environments. They narrowed focus to the few critical must-do activities, often with fewer resources than they had pre-pandemic. They had to figure out how to generate sales and retain customers in an extremely difficult selling environment. They had to address culture. And to the extent they had deficiencies in their culture, those get amplified in times like these. And most recently, most every one of our clients is very proactively focused and thoughtfully addressing diversity, inclusion and bias within their organization.

The strength of this value proposition, including the fact that the price per user decreases as the pass-holding population increases, is causing many of our clients right now to make the decision to consolidate providers and double down with Franklin Covey¹⁶

A big TAM

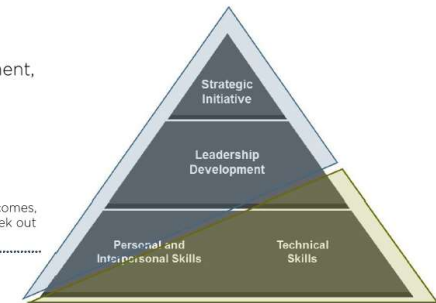
Better to be directional right than precisely wrong

- Competing in a 100-300 billion \$ market.
- Dosen't matter how they slice it for you
- FC is still only tapping the surface.
- Consolidation will continue on vendors

We help organizations improve engagement, discipline, culture and execution for measurable business outcomes



Customers value outcomes, have budgets, and seek out premium content

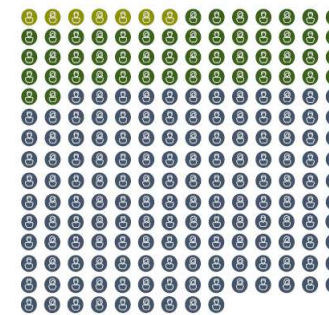


FranklinCovey
Online, DIY skills training

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DISTRIBUTION

Market Opportunity for Expansion



1 icon = 1,000 Accounts/Schools

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ENTERPRISE

55,000

Companies in U.S. target market

11,000

Assigned accounts

4,000

Active customers

7,000

Assigned, but not yet customers

44,000

Unassigned accounts

EDUCATION

150,000

K-12 Schools in US and Canada

47,000

Assigned schools

2,700

Active schools

44,300

Assigned, but not yet customers

103,000

Unassigned schools

Just to say that, first, the market for organizational performance in which we play is huge and expanding. Almost everyone -- when you think about it, almost every organization's largest investment is in its people. Its collective investment is in its people. And therefore, its biggest opportunity for organizational performance improvement most often lies in increasing the collective performance of its people. In pursuit of this improvement, it's estimated that organizations globally spend more than \$90 billion on outsourced learning and development solutions and services. They spend an additional approximately \$220 billion for their learning and development staff and for internal content development. And then in addition to learning and development, there are countless additional billions spent on consulting and other performance initiatives outside the learning and development spend. So there's a lot of money, effort and time spent on this topic.²⁶

Management team

Insider ownership and capital allocation

- Management own around 7 % of the company
- Board members own around 8 %
- Long tenure and high commitment
- Willingness to make hard decisions.
- Bolt-on M&A
- Large share buybacks

Three business model transitions

After investing significantly in the business, FranklinCovey has retired more than 10.6M shares at a value of \$147M.



Investor Name	Value of Shares Held (MM)	% Of Shares Outstanding Held	# Shares Held	Change in # of Shares Held	% Change in # of Shares Held	This Holding as % of Firm's Portfolio	Holdings Date	Investor Type
<u>BlackRock Institutional Trust Company, N.A.</u>	16,3 US\$	6,56 %	920.835	14.313	1,58 %	-	29.9.20	Investment Advisor
<u>Pembroke Management Ltd.</u>	11,9 US\$	4,80 %	673.221	(1.679)	(0,25 %)	0,93 %	29.9.20	Investment Advisor
<u>The Vanguard Group, Inc.</u>	11,6 US\$	4,65 %	652.173	53.611	8,96 %	-	29.9.20	Investment Advisor/Hedge Fund
<u>Dimensional Fund Advisors, L.P.</u>	10,9 US\$	4,37 %	613.756	(9.814)	(1,57 %)	-	29.9.20	Investment Advisor/Hedge Fund
<u>Whitman (Robert A.)</u>	14,0 US\$	3,99 %	560.648	64.408	12,98 %	99,40 %	11.1.21	Individual Investor
<u>Punch & Associates Investment Management, Inc.</u>	8,4 US\$	3,35 %	470.708	(2.369)	(0,50 %)	0,72 %	29.9.20	Investment Advisor/Hedge Fund
<u>McNamara (Donald J.)</u>	9,6 US\$	3,13 %	439.029	-	-	100,00 %	29.11.20	Individual Investor
<u>Oregon Public Employees Retirement System</u>	7,1 US\$	2,85 %	400.028	-	-	0,10 %	29.9.20	Pension Fund
<u>Rice Hall James & Associates, LLC</u>	6,7 US\$	2,68 %	376.497	54.702	17,00 %	0,27 %	29.9.20	Investment Advisor/Hedge Fund
<u>Fidelity Management & Research Company LLC</u>	5,9 US\$	2,36 %	331.725	(187.385)	(36,10 %)	-	29.9.20	Investment Advisor
<u>Knowledge Capital Investment Group</u>	10,5 US\$	2,32 %	325.897	(2.486.908)	(88,41 %)	100,00 %	8.12.19	Corporation
<u>BofA Global Research (US)</u>	4,3 US\$	1,72 %	242.071	(12.693)	(4,98 %)	-	29.9.20	Research Firm
<u>Peterson (Joel Clinton)</u>	5,1 US\$	1,64 %	230.429	-	-	51,76 %	29.11.20	Individual Investor
<u>State Street Global Advisors (US)</u>	4,0 US\$	1,62 %	227.213	(3.244)	(1,41 %)	-	29.9.20	Investment Advisor/Hedge Fund
<u>Renaissance Technologies LLC</u>	4,0 US\$	1,60 %	224.703	(59.500)	(20,94 %)	-	29.9.20	Hedge Fund
<u>Silvercrest Asset Management Group LLC</u>	3,6 US\$	1,44 %	201.676	61.583	43,96 %	0,03 %	29.9.20	Investment Advisor/Hedge Fund
<u>Covey (Michael Sean Merrill)</u>	4,4 US\$	1,43 %	200.634	(301)	(0,15 %)	100,00 %	29.11.20	Individual Investor
<u>Federated Hermes MDTA LLC</u>	3,5 US\$	1,42 %	199.355	60.634	43,71 %	0,07 %	29.9.20	Investment Advisor/Hedge Fund
<u>BlackRock Financial Management, Inc.</u>	3,4 US\$	1,37 %	192.327	(92)	(0,05 %)	-	29.9.20	Investment Advisor/Hedge Fund
<u>Young (Stephen D.)</u>	4,2 US\$	1,36 %	190.789	(27.877)	(12,75 %)	100,00 %	29.11.20	Individual Investor

All Access Pass

Growing subscription business

- Winning because it has great client proposition.
- From nothing in FY15 to close to 100 mio. \$
- Scale economics
- Becoming the de-facto choice

APP SUBSCRIPTION REVENUE

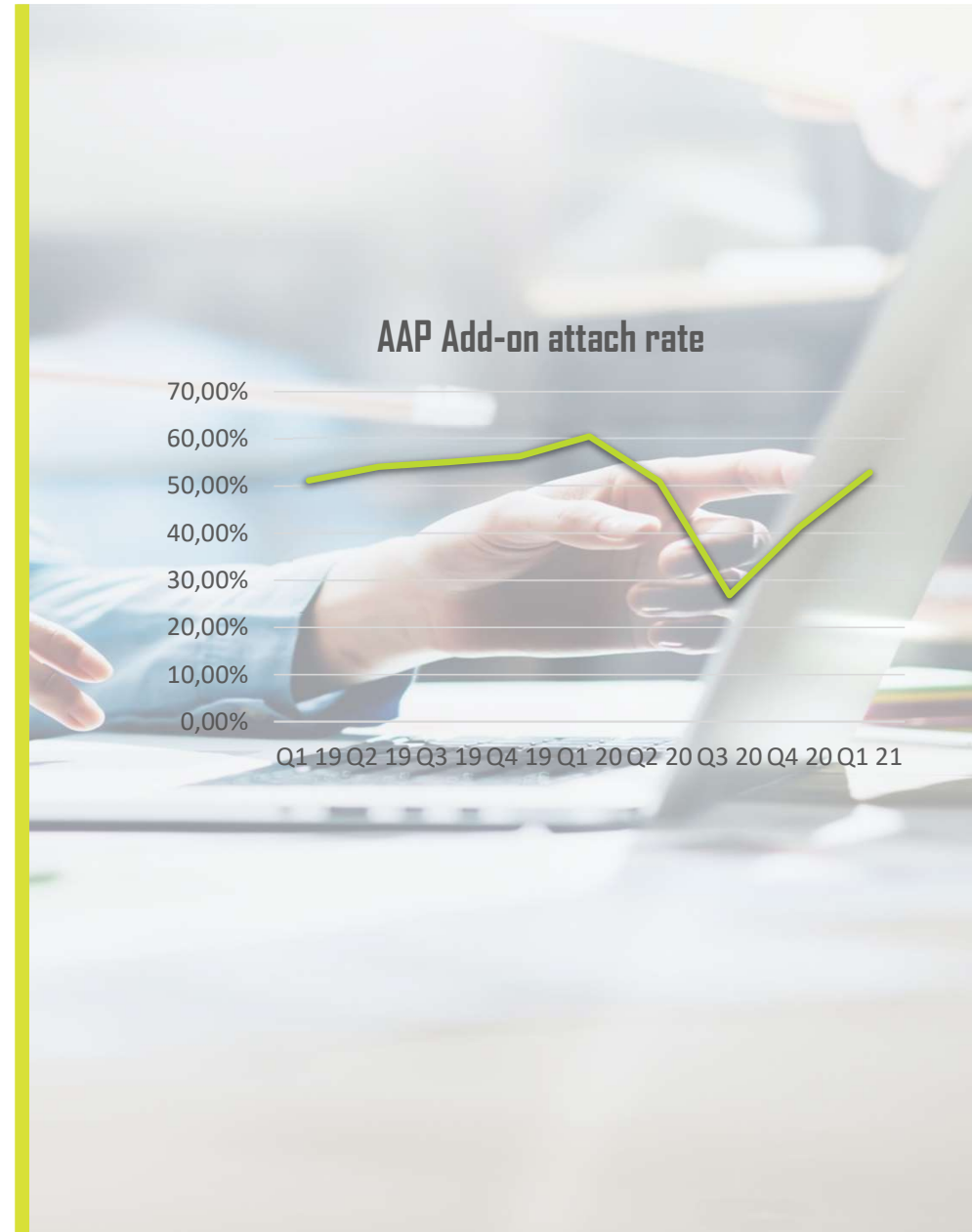


*The second point related to the value proposition. Our clients tell us that not only are our solutions and flexibility important to them but that All Access Pass and Leader in Me customer value propositions are equally compelling. As shown on Slide 24, and we've reviewed these before, but I think it's helpful to just review them again here. Each All Access Pass client receives the following. They received, one, full -- a full collection of our best-in-class content and solutions. And of course, point two, that's available in all modalities, very, very important right now, which allows them to deliver in virtually any segment of time and on any device. And third, all of this is available in more than 20 languages now worldwide, I think the number is actually 21, and at an addition -- and at no additional cost to them, included in that offering is access to an expert -- the services of an expert implementation specialist who works to ensure that the clients are able to achieve the progress that they're seeking. **And then finally, all of this is offered at a price per person trained that is equal to or less than the typical cost of training one person in one content area in just a single modality.**²⁹*

All Access Pass – Add-on

Sticky add-on sales

- 50-60 % attachement rate
- Configuration, on-site facilitators etc.
- Upsale + higher retention

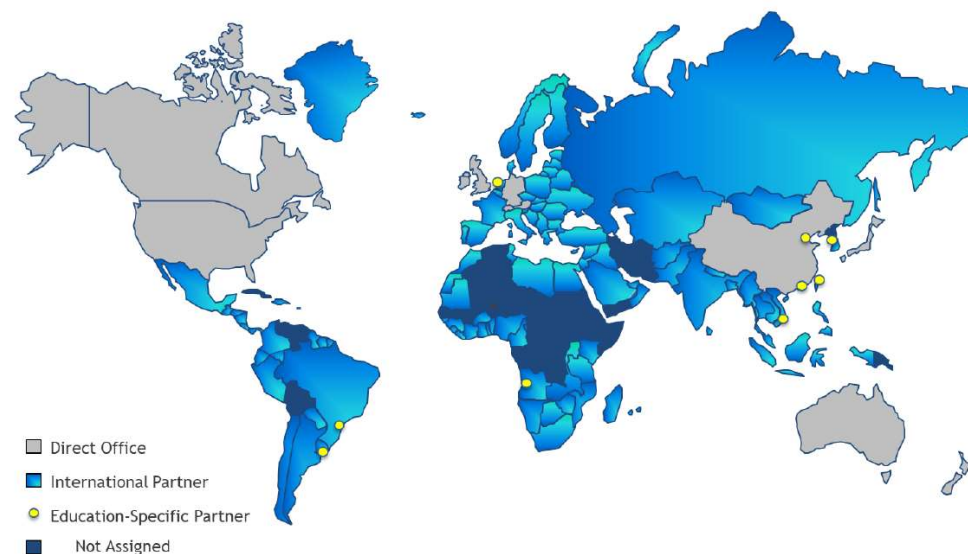


International

High margin royalty/franchise model

- International partners pay a 15 % royalty to FC
- International still early in AAP adoption = harder hit by Covid
- FC invest in infrastructure to support license partners and help them grow
- License income is + 50 % EBITDA margin income even at low scale
- Significant opportunity

Global Reach and Distribution



International Licensees Segment

In countries or foreign locations where we do not have a directly owned office, our training and consulting services are delivered through independent licensees. The following comparative information is for our international licensee operations for the periods indicated (in thousands):

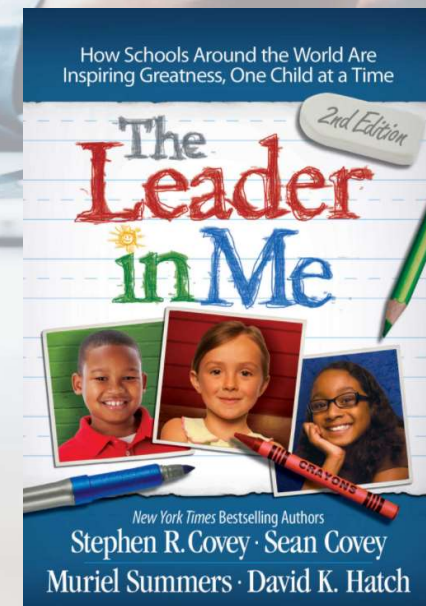
	Year Ended August 31, 2020	% of Sales	Year Ended August 31, 2019	% of Sales	Change
Sales	\$8,451	100.0	\$12,896	100.0	\$(4,445)
Cost of sales	1,772	21.0	2,665	20.7	(893)
Gross profit	6,679	79.0	10,231	79.3	(3,552)
SG&A expenses	4,273	50.6	4,159	32.3	114
Adjusted EBITDA	\$2,406	28.4	\$ 6,072	47.0	\$(3,666)

Education

A mixed bag

- Include a strong subscription business
- Includes international royalty on education
- Leader-In-Me content is really strong.
- Yet to find perfect LTV/CAC adoption
- Constrained School budgets
- Dependence on charity grants

LEADER IN ME SUBSCRIPTION REVENUE



VALUATION

AAP alone worth double the current share price

- Net cash balance sheet
- Growing revenue with positive FCF
- We value segments individually
- Fair value multiples implies significant upside

	2021	2022	2023	2024
AAP subscription	74	88	106	120
AAP add-on	37	44	53	60
Licensee royalty	12	15	18	20
Education	38	42	45	50
Legacy	67	73	71	75
Total revenue	228	262	293	325
EBITDA	22,4	33,7	50,1	65,9
EBITDA margin	9,8%	12,9%	17,1%	20,3%
AAP (8x)	592	704	848	960
AAP add-on (4x)	148	176	212	240
License royalty (10x)	120	150	180	200
Education (3x)	114	126	135	150
Legacy (1x)	67	79	71	75
Total valuation	1.041	1.229	1.446	1.625
Net cash	20	45	83	135
Net valuation	1.061	1.274	1.529	1.760
Shares out	13,9	13,9	13,9	13,9
Per share	76,3	91,6	110,0	126,6
Upside to current price	205%	267%	340%	406%

VALUATION

FCF multiples support higher price

- Unlike most subscription business FC can be valued using a FCF multiple
- We see high FCF growth rates for many years
- Using declining multiples on FCF still implies significant upside

	2021	2022	2023	2024
EBITDA	22,4	33,7	50,1	65,9
Capex	-7,5	-8	-8,4	-8,8
Deferred revenue change	10	10	10	10
Lease payments	-3	-3	-3	-3
Tax payments	-1	-2	-3	-5
Stock-based comp.	-5	-6	-7	-8
Free cash flow	15,9	24,7	38,7	51,1
Free cash flow growth		55%	57%	32%
Fair FCF multiple	50	40	30	25
Per share valuation	58,6	74,3	89,5	101,6
Upside to current price	135%	197%	258%	306%