



Franklin Resources, Inc.

First Quarter 2026 Results

January 30, 2026 | Investor Presentation

Jenny Johnson

Chief Executive Officer

Daniel Gamba

Co-President

Chief Commercial Officer

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Co-President

CFO & COO

Forward-looking statements and non-GAAP financial information



This commentary contains forward-looking statements that involve a number of known and unknown risks, uncertainties and other important factors. This commentary also contains non-GAAP financial measures. For the reconciliations from US GAAP to non-GAAP measures, refer to the appendix to this commentary and the “Supplemental Non-GAAP Financial Measures” section of the earnings release.

Some of the statements herein may include forward-looking statements that reflect our current views with respect to future events, financial performance and market conditions. Such statements are provided under the “safe harbor” protection of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts and generally can be identified by words or phrases written in the future tense and/or preceded by words such as “anticipate,” “believe,” “could,” “depends,” “estimate,” “expect,” “intend,” “likely,” “may,” “plan,” “potential,” “seek,” “should,” “will,” “would,” or other similar words or variations thereof, or the negative thereof, but these terms are not the exclusive means of identifying such statements.

Forward-looking statements involve a number of known and unknown risks, uncertainties and other important factors that may cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements, including market and volatility risks, investment performance and reputational risks, global operational risks, competition and distribution risks, third-party risks, technology and security risks, human capital risks, cash management risks, and legal and regulatory risks. While forward-looking statements are our best prediction at the time that they are made, you should not rely on them and are cautioned against doing so. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other possible future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. They are neither statements of historical fact nor guarantees or assurances of future performance. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them.

These and other risks, uncertainties and other important factors are described in more detail in our recent filings with the US Securities and Exchange Commission, including, without limitation, in Risk Factors and Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025 and our subsequent Quarterly Reports on Form 10-Q and current reports on Form 8-K. If a circumstance occurs after the date of this presentation that causes any of our forward-looking statements to be inaccurate, whether as a result of new information, future developments or otherwise, we undertake no obligation to announce publicly the change to our expectations, or to make any revision to our forward-looking statements, to reflect any change in assumptions, beliefs or expectations, or any change in events, conditions or circumstances upon which any forward-looking statement is based, unless required by law.

The information in this commentary is provided solely in connection with this commentary, and is not directed toward existing or potential investment advisory clients or fund shareholders.

First Quarter 2026 Business Highlights



AUM & Flows

- AUM of \$1.68 trillion comprised of investment capabilities across public and private markets
- Long-term inflows were \$118.6 billion, an increase of 40.3% from prior quarter and 22.5% from prior year quarter
- Long-term net inflows were \$28.0 billion, including \$28.9 billion of reinvested distributions
 - Excluding Western Asset Management (“Western”), long-term net inflows were \$34.6 billion compared to \$17.9 billion in the prior year quarter, with nine consecutive quarters of positive net flows
 - Strong momentum across asset classes, with record AUM in 3 of our 4 asset classes
 - Positive net flows in equity, multi-asset, and alternatives with a combined total of \$30.4 billion
 - Excluding Western, fixed income saw its 8th consecutive quarter of positive net flows
- Institutional pipeline of won but unfunded mandates remained at \$20.4 billion

Key Areas of Growth

- **Alternative** AUM increased to \$273.8 billion, inclusive of \$4.8 billion in realizations and distributions
 - Fundraised \$10.8 billion in Alternatives, including \$9.5 billion in private market assets
 - Closed **Apera Asset Management** acquisition on October 1, adding a pan-European private credit firm with \$6.1 billion in AUM, resulting in total private credit AUM of \$94.6 billion at quarter-end
 - **Lexington Co-Investment Partners VI** closed on October 28, with committed capital totaling \$4.6 billion, as one of the largest dedicated global co-investment funds
 - **BSP Real Estate Opportunistic Debt Fund II** closed on January 8 with \$10 billion of investable capital, inclusive of related vehicles and anticipated leverage, across \$3 billion of equity commitments
 - **Franklin Templeton Private Markets:** Perpetual funds designed for wealth management channel with \$6.7 billion in AUM across Lexington, BSP, and Clarion
- **Diversification across vehicles, with record AUM across ETFs, Retail SMAs, and Canvas**
 - **ETF:** \$7.5 billion of net inflows (17th consecutive positive quarter), inclusive of \$3.5 billion in mutual fund conversions; AUM increased by 18.2% to \$58.0 billion
 - Active ETFs net inflows of \$5.5 billion contributed approximately 75% of total net inflows
 - **Retail SMA** AUM increased by 4% to \$171.1 billion with net inflows of \$2.4 billion
 - **Canvas®** AUM increased by 11% to \$18.0 billion with \$1.4 billion in net inflows
- **International** AUM of approximately \$490 billion and positive long-term net inflows of \$3.2 billion
- **Digital Assets** AUM of \$1.8 billion, inclusive of \$0.9 billion in tokenized funds and \$0.8 billion in crypto ETFs
 - In January, State of Wyoming debuted \$FRNT, the nation’s first state-issued stable token, with Franklin Templeton-managed reserves

Investment Performance

- Over half of **mutual fund/ETF AUM** outperformed peers in 3-, 5-, and 10-year periods
- Over half of **strategy composite AUM** outperformed benchmarks in 3-, 5-, and 10-year periods

First Quarter 2026 Financial Summary¹

Key metrics



(in US\$ millions, except AUM in billions and per share data)

	Q1 2026	Q4 2025	Q1 2025
Ending AUM ²	\$1,684.0	\$1,661.2	\$1,575.7
Average AUM ²	1,676.1	1,633.7	1,634.5
Adj. revenue	1,747.2	1,815.0	1,682.7
Investment management revenues	1,580.1	1,543.9	1,533.4
Performance fees	76.6	177.9	72.5
Adj. operating income	437.3	472.4	412.8
Adj. pre-tax net income	526.6	514.4	480.3
Adj. net income	378.4	357.5	320.5
Adj. diluted EPS	0.70	0.67	0.59
Adj. effective fee rate ³	37.4 bps	37.5 bps	37.2 bps
Adj. operating margin	25.0%	26.0%	24.5%

- **AUM** of \$1.68 trillion increased from the prior quarter due to long-term net inflows and the acquisition of Apera, partially offset by the impact of net market change, distributions and other. Average AUM increased by 2.6% due to long-term net inflows during the quarter
- **Adjusted effective fee rate³** (“EFR”) of 37.4 bps compared to 37.5 bps in the prior quarter, and 37.2 bps in the prior year quarter
- **Adjusted operating revenue** declined 3.7% from the prior quarter primarily due to lower performance fees, partially offset by higher average AUM. Adjusted performance fees were \$76.6 million compared to \$177.9 million in the prior quarter and \$72.5 million in prior year quarter. Investment management fees increased by 2.3% compared to the prior quarter and 3.0% from the prior year quarter
- **Adjusted operating income** declined from the prior quarter primarily due to lower performance fees and annual deferred compensation acceleration for retirement eligible employees, partially offset by the impact of higher average AUM and realization of cost savings initiatives
- **Adjusted net income and EPS** increased from the prior quarter primarily due to higher adjusted other income driven by realized gains on investments, and a lower tax rate, partially offset by lower adjusted operating income

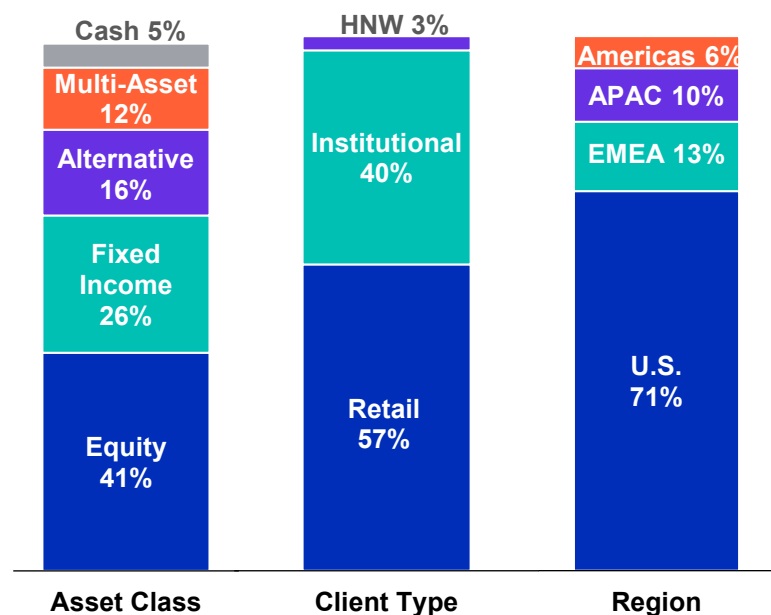
1) For the reconciliations from US GAAP to non-GAAP measures see the appendix and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings presentations available at franklinresources.com. 2) Excludes approximately \$15.8 billion of AUM in our China joint venture. 3) The adjusted effective fee rate is annualized adjusted investment management fees, excluding performance fees, divided by simple monthly average AUM for the period.

First Quarter 2026 AUM and Investment Performance

AUM and Adjusted Revenue Diversification

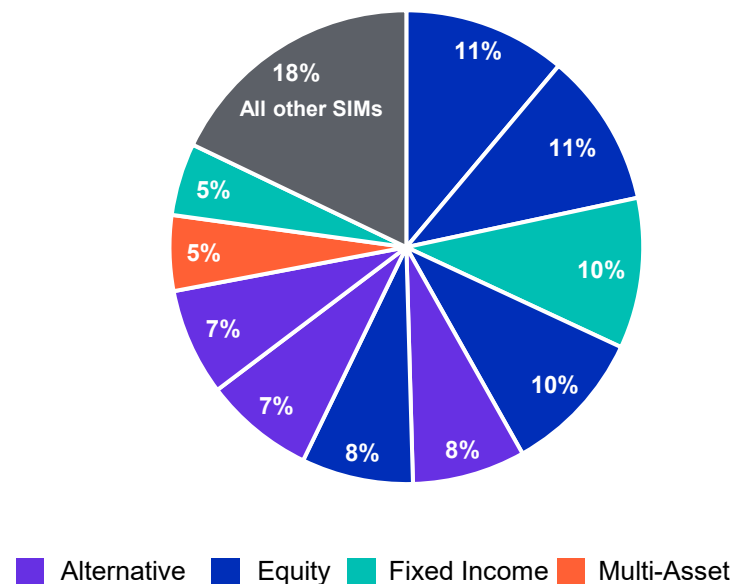
Diversified by asset class, client type, and region

AUM of \$1.68 trillion as of December 31, 2025



Q1 Adjusted Operating Revenue by specialist investment manager ("SIM")

As of December 31, 2025



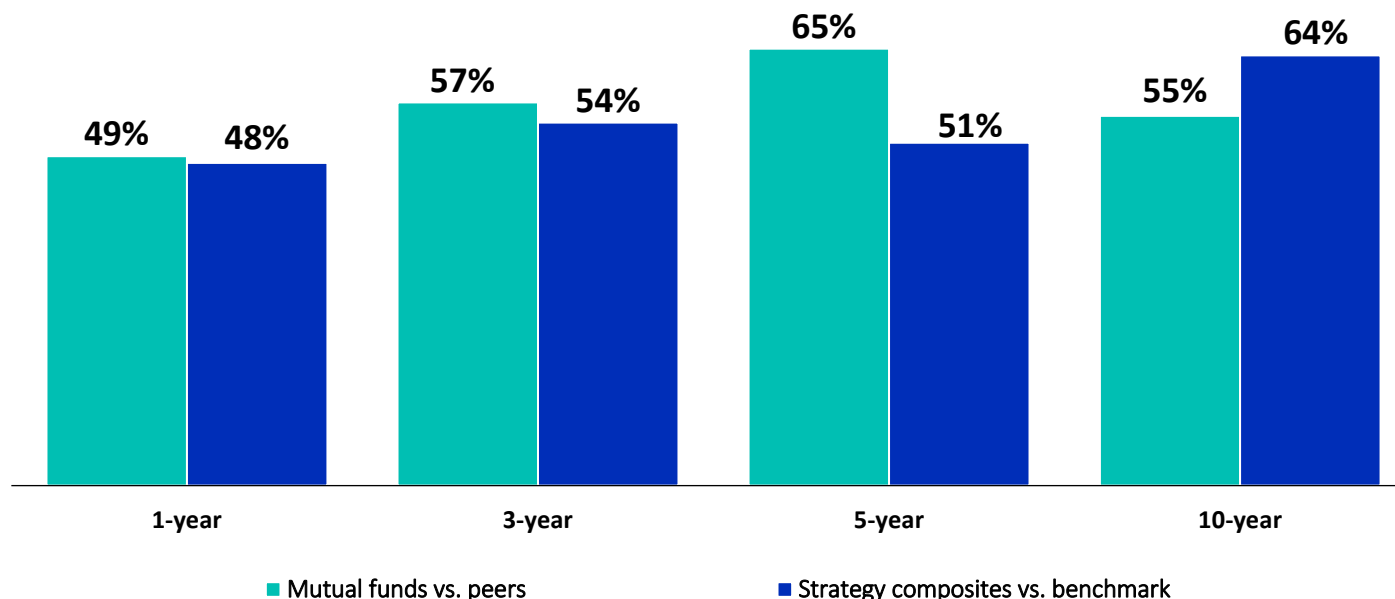
- Our AUM is diversified across asset class, client type, region, and investment teams

Investment Performance



Percentage of AUM above peer median and benchmark¹

As of December 31, 2025



- **Mutual Funds:** Over half of mutual fund/ETF AUM outperformed peers in 3-, 5-, and 10-year periods. Compared to the prior quarter, investment performance improved in the 5-year period, stayed flat in the 3- and 10-year periods, and declined in the 1-year period. The decline in the 1- year period was due to select US equity strategies
- **Strategy Composites:** Over half of strategy composite AUM outperformed benchmarks in 3-, 5-, and 10-year periods. Compared to the prior quarter, investment performance improved in the 10-year period, stayed relatively flat in the 3- and 5- year periods, and declined in the 1-year period. The 1-year decline was primarily driven by liquidity strategies

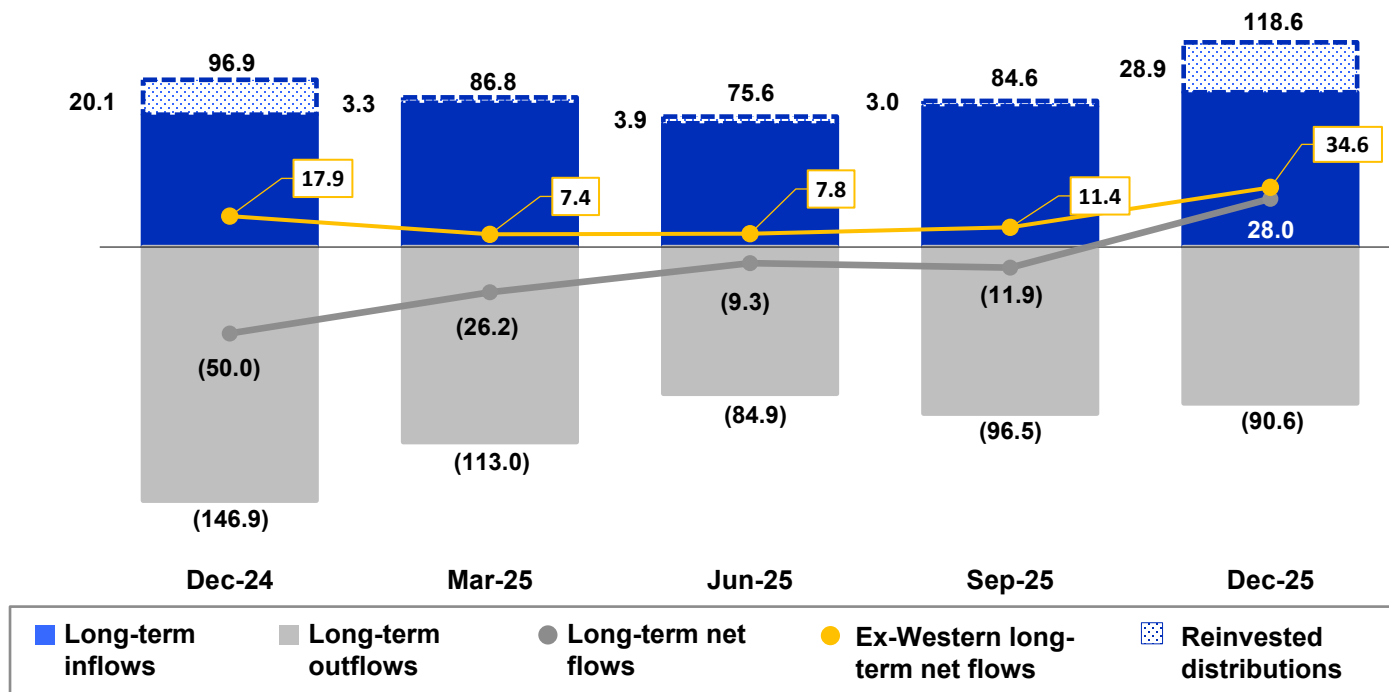
¹) Benchmark comparisons are based on each strategy's composite returns (composites may include retail SMA and mutual fund assets managed as part of the same strategy) as compared to a market index that has been selected to be generally consistent with the investment objectives of the account. Multi-asset strategies that lack benchmarks consistent with their investment objectives are excluded. Composite AUM measured for the 1-, 3-, 5-, and 10-year periods represent 55%, 55%, 55%, and 50%, respectively, of the firm's total AUM as of December 31, 2025. Mutual fund performance is sourced from Morningstar and measures the percentage of ranked fund AUM in the top two quartiles of their peer groups. Mutual Fund AUM measured for the 1-, 3-, 5-, and 10-year periods represents 39%, 39%, 38%, and 36%, respectively, of the firm's total AUM as of December 31, 2025.

AUM and Flows¹

(In US\$ billions, for the three months ended)



Total AUM: \$1.68 trillion



- Long-term inflows improved 40% to a record of \$118.6 billion. Excluding reinvested distributions, long-term inflows increased 10% from the prior quarter and 17% from the prior year quarter, and reflected one of the largest quarters of inflows. Reinvested distributions were \$28.9 billion this quarter and \$20.1 billion in the prior year quarter
- Long-term net inflows included \$6.6 billion of net outflows at Western. Excluding Western, long-term net inflows were \$34.6 billion, representing the 9th consecutive quarter of long-term net inflows excluding Western
- Institutional pipeline of won but unfunded mandates remained at \$20.4 billion compared to the prior quarter. The pipeline remains diversified by asset class and across our specialist investment teams

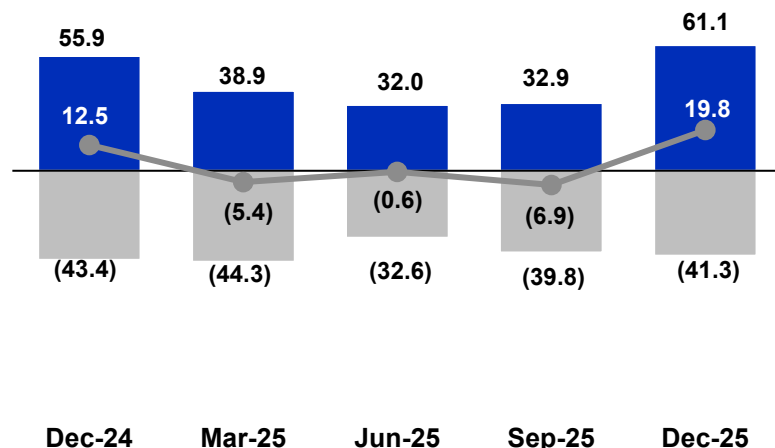
1) Excludes all cash management AUM and flows.

AUM and Flows

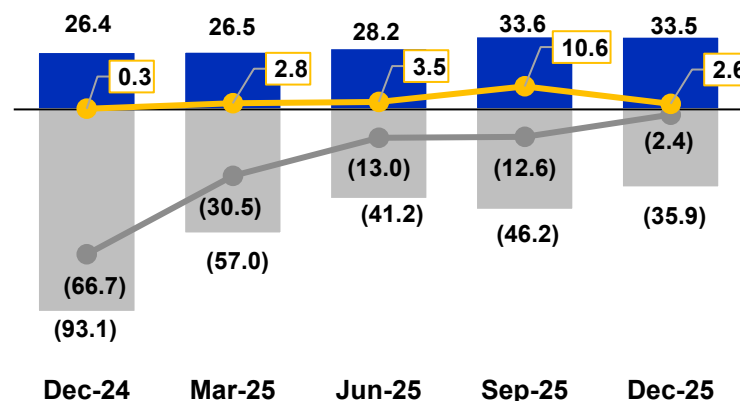
(In US\$ billions, for the three months ended)



Equity: \$697 billion



Fixed Income: \$438 billion



■ Long-term inflows

■ Long-term outflows

● Long-term net flows

● Ex-Western long-term net flows

- Equity net inflows were \$19.8 billion, including reinvested distributions of \$24.6 billion
- Positive net flows into large cap value and core, all cap growth and value, sector, international equity, equity income and infrastructure strategies

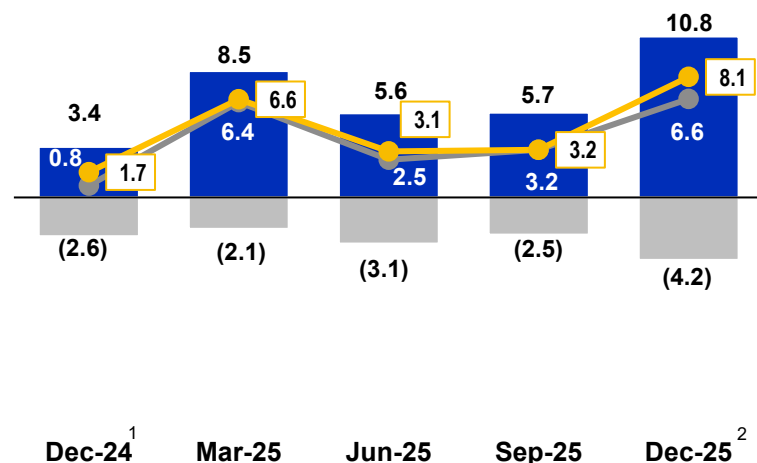
- Fixed income net outflows were \$2.4 billion. Excluding Western, fixed income net inflows were \$2.6 billion
- Excluding Western, fixed income generated positive net flows for 8 consecutive quarters
- Positive net flows into multi-sector, muni, highly customized, stable value, government and emerging markets strategies

AUM and Flows

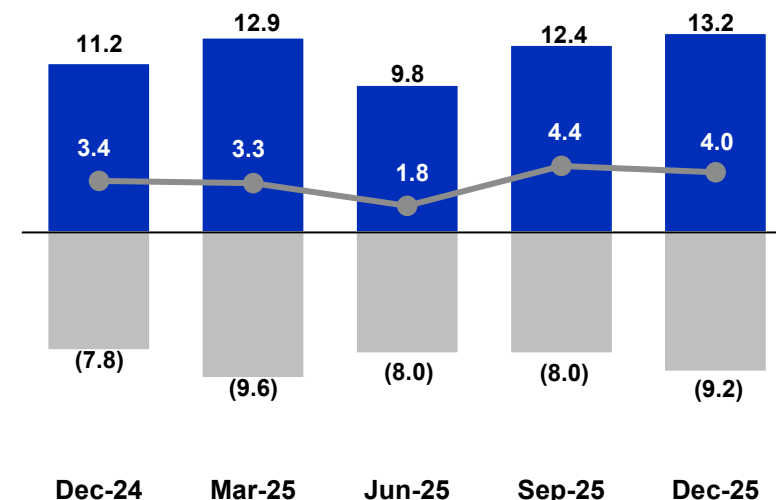
(In US\$ billions, for the three months ended)



Alternative: \$274 billion



Multi-Asset: \$199 billion



■ Long-term inflows
 ■ Long-term outflows
 ● Long-term net flows
 ● Ex-Western long-term net flows

- \$10.8 billion was fundraised in the quarter, which includes \$9.5 billion in private market assets³, representing both fee and non-fee generating capital
- Aggregate realizations and distributions⁴ were \$4.8 billion

- Multi-asset net inflows were \$4.0 billion led by positive net inflows into the Franklin Income Fund, Franklin Templeton Investment Solutions, and Canvas

See page 18 for additional detail

1) Long-term inflows and outflows were each revised from previously reported amounts to reflect fund activity of \$0.9 billion settling in January 2025. The revision did not impact net flows or ending AUM. 2) Beginning fiscal year 2026, non-fee generating uncalled capital commitments, which were previously included in net market change, distributions, and other, are reflected in long-term inflows in the period the capital is committed. 3) Private markets includes Collateralized Loan Obligations ("CLOs"). Fundraising represent subscriptions, commitments and other increases in available capital in AUM this quarter. 4) Alternative realizations & distributions exclude client-driven redemptions, which are included in alternative outflows.

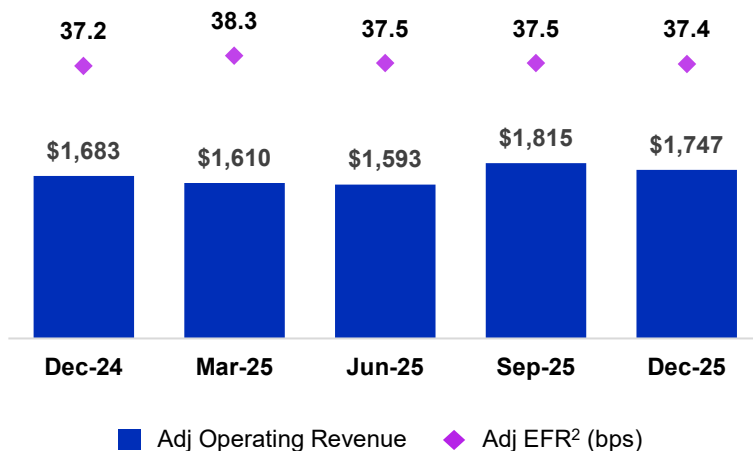
First Quarter 2026 Financial Results

Financial Results¹

(Non-GAAP in US\$ millions except EFR)

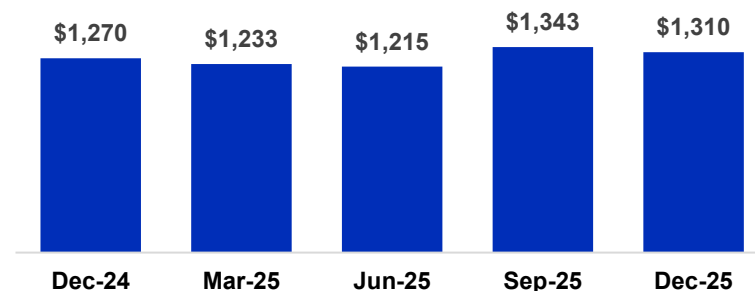


Adjusted operating revenue and effective fee rate²



- Adjusted operating revenue declined 3.7% from the prior quarter primarily due to lower performance fees, partially offset by higher average AUM
- Adjusted operating revenue increased 3.8% from the prior year quarter primarily due to higher average AUM, partially offset by the impact of Western
- Investment management fees increased by 2.3% compared to the prior quarter and 3.0% from the prior year quarter
- Adjusted performance fees were \$76.6 million compared to \$177.9 million in the prior quarter and \$72.5 million in prior year quarter
- Adjusted EFR² of 37.4 bps compared to 37.5 bps in the prior quarter, and 37.2 bps in the prior year quarter

Adjusted operating expenses



- Adjusted operating expenses decreased by 2.4% from the prior quarter primarily due to lower performance fee incentive compensation and performance fee related third-party expenses, partially offset by \$44 million of annual deferred compensation acceleration for retirement eligible employees
- Adjusted operating expenses increased by 3.1% from the prior year quarter primarily due to higher spend on strategic initiatives and higher market, performance and sales-based incentive compensation, partially offset by the realization of cost savings initiatives

1) For the reconciliations from US GAAP to non-GAAP measures see the appendix and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical investor presentations available at franklinresources.com. 2) The adjusted effective fee rate is annualized adjusted investment management fees, excluding performance fees, divided by simple monthly average AUM for the period.

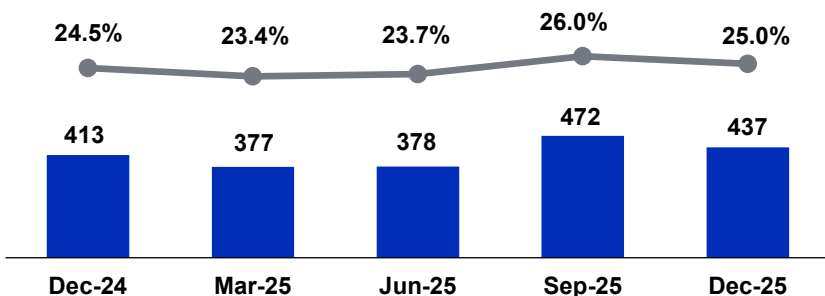
Financial Results¹

(GAAP and non-GAAP in US\$ millions except per share data, for the three months ended)



US GAAP	Dec-24	Mar-25	Jun-25	Sep-25 ²	Dec-25
Operating Income	219.0	145.6	154.1	85.4	281.0
Operating Margin	9.7%	6.9%	7.5%	3.6%	12.1%

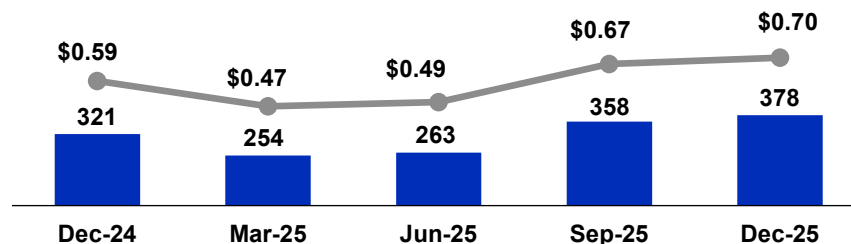
Adjusted operating income and adjusted operating margin



- Adjusted operating income declined 7.4% from the prior quarter primarily due to the annual deferred compensation acceleration for retirement-eligible employees and lower performance fees, partially offset by higher average AUM and the realization of cost savings initiatives
- Adjusted operating income increased 5.9% from the prior year quarter primarily due to higher average AUM and realization of cost savings initiatives, partially offset by the impact of Western and higher spend on strategic initiatives

US GAAP	Dec-24	Mar-25	Jun-25	Sep-25 ²	Dec-25
Net Income	163.6	151.4	92.3	117.6	255.5
Diluted EPS	\$0.29	\$0.26	\$0.15	\$0.21	\$0.46

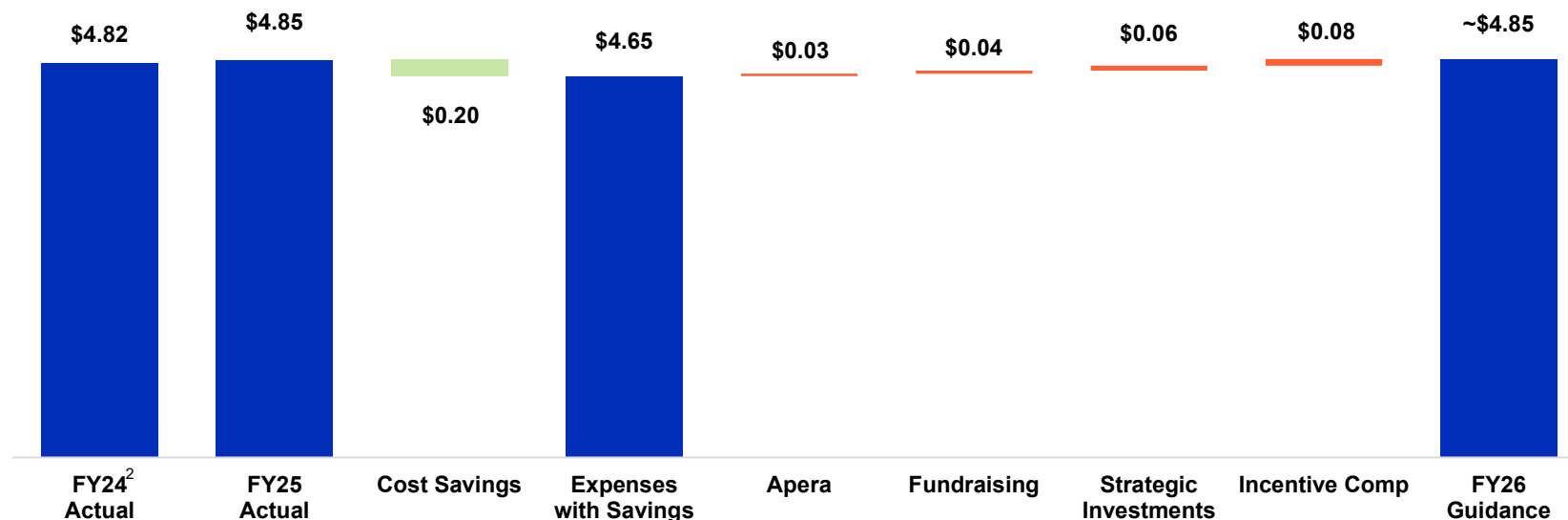
Adjusted net income and adjusted diluted earnings per share



- Adjusted net income and EPS increased by 5.8% and 4.5%, respectively, from the prior quarter primarily due to higher adjusted other income driven by realized gains on investments, and a lower tax rate, partially offset by lower adjusted operating income
- Adjusted net income and EPS increased by 18.1% and 18.6%, respectively, from the prior year quarter primarily due to higher adjusted operating income, higher adjusted other income, and a lower tax rate

Illustrative 2026 Adjusted Operating Expense Bridge¹

(Non-GAAP in US\$ billions)



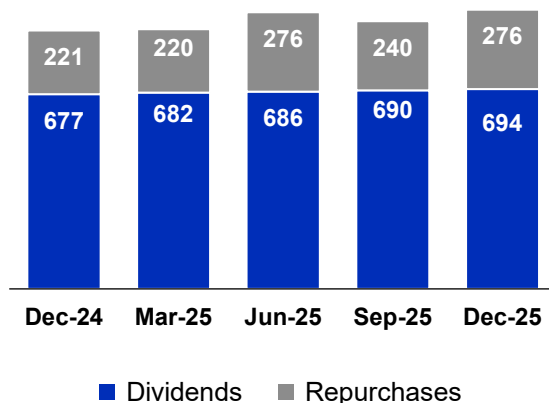
- Continued expense discipline, combined with investing for growth
- At December 31, 2025 market levels, fiscal year 2026 expense excluding performance fee incentive compensation expected to be in line with fiscal years 2024 and 2025

1) See appendix for assumptions. 2) FY24 includes an additional quarter of Putnam for comparability.

Capital Management

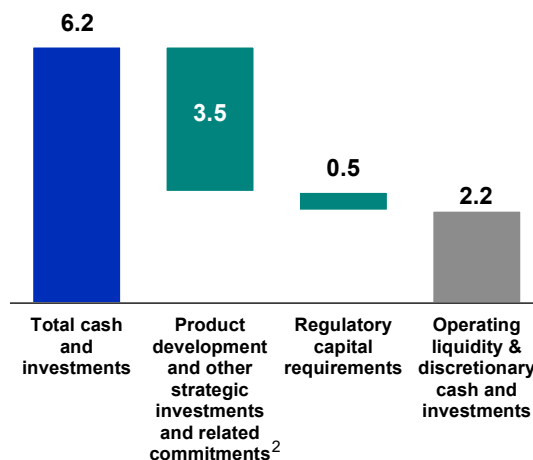
Dividends and share repurchases

(In US\$ millions, for the trailing twelve months ended)



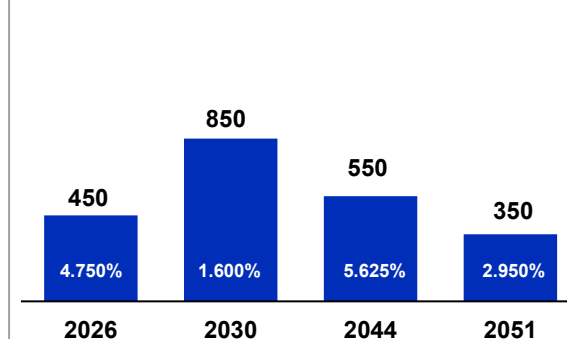
Allocation of cash and investments¹

(In US\$ billions, as of December 31, 2025)



Senior notes³

(In US\$ millions, as of December 31, 2025)



Shareholder Return

- In December, we announced a quarterly cash dividend of \$0.33 per share, a 3.1% increase over the prior year quarter. In addition, the Board of Directors authorized the repurchase up to an additional 20.8 million shares of its common stock in either open market or private transactions, for a total of up to 40.0 million shares available for repurchase
- We returned \$212.1 million to shareholders including \$170.2 million in dividends and \$41.9 million in share repurchases. We typically plan to repurchase shares to offset employee-related equity issuances throughout the year. In addition, we opportunistically repurchase shares taking into account debt maturities, acquisition-related payments, and general market conditions

Liquidity

- Total cash and investments were \$6.2 billion¹ as of December 31, 2025 compared to \$6.7 billion as of September 30, 2025 after funding dividends and fiscal year-end cash bonuses
- Approximately \$700 million of nominal cash tax benefits available related to acquisitions, which we expect to realize over the next 15 years

Debt

- As of December 31, 2025, we maintained senior debt with an aggregate principal amount due of \$2.2 billion³. Interest due to note holders was \$19.1 million compared to \$21.8 million in the prior quarter and \$21.9 million in the prior year quarter

1) Includes our direct investments in Consolidated Investment Products of \$1.1 billion and approximately \$365 million of employee-owned and other third-party investments made through partnerships, approximately \$352 million of investments related to long-term repurchase agreements and other net financing arrangements, and approximately \$440 million of cash and investments related to deferred compensation plans. 2) Includes \$768 million of undrawn capital commitments to funds that is currently held as cash. 3) Excludes fair value adjustments from purchase accounting.

Appendix

AUM and Flows

(In US\$ billions¹)



	Dec 31, 2025	Sep 30, 2025	% Change	Dec 31, 2024	% Change
Beginning AUM	\$1,661.2	\$1,611.8	3.1%	\$1,678.6	(1.0%)
Long-term inflows	118.6	84.6	40.2%	96.9	22.4%
Long-term outflows	(90.6)	(96.5)	(6.1%)	(146.9)	(38.3%)
Long-term net flows	28.0	(11.9)	NM	(50.0)	NM
Cash management net flows	(1.2)	7.2	NM	-	NM
Total net flows	26.8	(4.7)	NM	(50.0)	NM
Acquisitions	6.1	-	NM	-	NM
Net market change, dist. & other	(10.1)	54.1	NM	(52.9)	(80.7%)
Ending AUM	\$1,684.0	\$1,661.2	1.4%	\$1,575.7	6.9%
Average AUM²	\$1,676.1	\$1,633.7	2.6%	\$1,634.5	2.5%

1) Excludes approximately \$15.8 billion of AUM in our China joint venture. 2) Average AUM for the quarter is calculated as the average of the month-end AUM for the trailing four months.

Alternative AUM Roll Forward

(In US\$ billions)



Three months ended December 31, 2025

	<u>Private Markets¹</u>	<u>Liquid & Other</u>	<u>Total</u>
Beginning Balance	\$244.4	\$19.5	\$263.9
Fundraising ²	9.5	1.3	10.8
Outflows	(2.3)	(1.9)	(4.2)
Acquisitions	6.1	-	6.1
Realizations & distributions ³	(4.8)	(0.0)	(4.8)
Net market change, FX, other	1.8	0.2	2.0
Ending AUM	\$254.7	\$19.1	\$273.8

- \$10.8 billion was fundraised in the quarter, which includes \$9.5 billion in private market assets¹, representing both fee and non-fee generating capital
- Aggregate realizations and distributions² were \$4.8 billion

1) Private markets includes Collateralized Loan Obligations ("CLOs"). 2) Fundraising represents subscriptions, commitments and other increases in available capital in non-fee generating or fee generating AUM this quarter.

3) Alternative realizations & distributions exclude client-driven redemptions, which are included in alternative outflows.

Financial Results

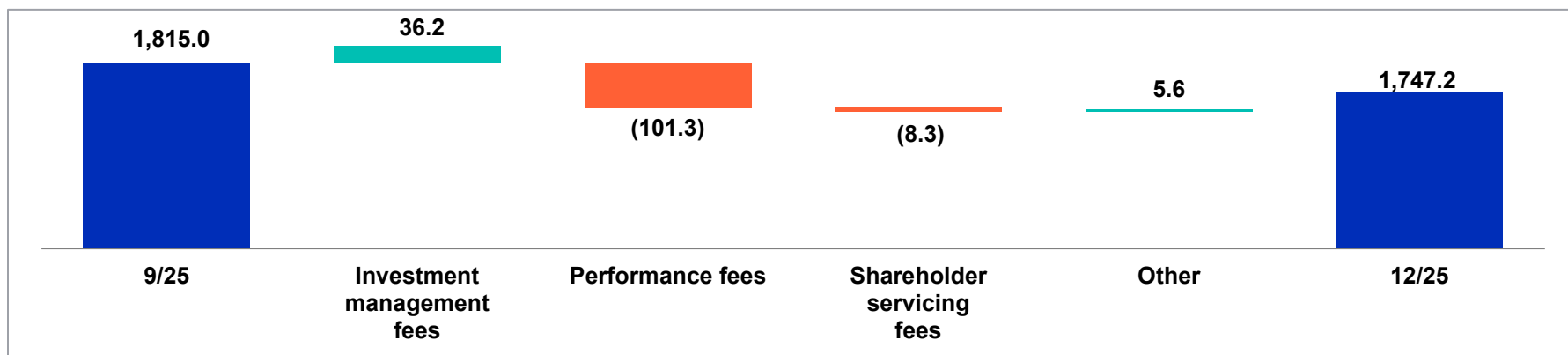
(GAAP and non-GAAP in US\$ millions except per share data, for the three months ended)



Revenues¹

	Dec-25 US GAAP	Adjustments	Dec-25 Adjusted	Sep-25 Adjusted	Dec-25 Adjusted vs. Sep-25 Adjusted	Dec-24 Adjusted	Dec-25 Adjusted vs. Dec-24 Adjusted
Investment management fees, ex. performance fees	1,716.3	(136.2)	1,580.1	1,543.9	2%	1,533.4	3%
Performance fees	131.6	(55.0)	76.6	177.9	(57%)	72.5	6%
Sales and distribution fees	388.7	(388.7)	-	-	NM	-	NM
Shareholder servicing fees	70.9	-	70.9	79.2	(10%)	63.5	12%
Other	19.6	-	19.6	14.0	40%	13.3	47%
Total Operating Revenues	2,327.1	(579.9)	1,747.2	1,815.0	(4%)	1,682.7	4%
<i>Effective fee rate²</i>			<i>37.4 bps</i>	<i>37.5 bps</i>		<i>37.2 bps</i>	

Adjusted Operating Revenues – Quarters Ended September 30, 2025 and December 31, 2025



1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical earnings investor presentations available at franklinresources.com. 2) The adjusted effective fee rate is annualized adjusted investment management fees, excluding performance fees, divided by simple monthly average AUM for the period.

Financial Results

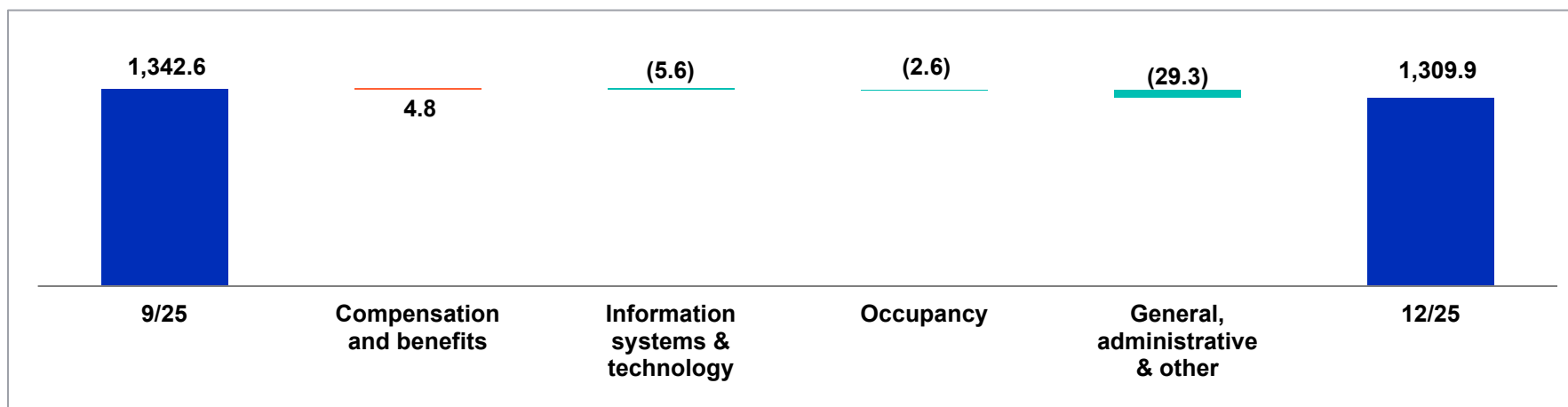
(GAAP and non-GAAP in US\$ millions except per share data, for the three months ended)



Expenses¹

	Dec-25		Dec-25	Sep-25	Dec-25	Dec-25	Dec-25
	US GAAP	Adjustments	Adjusted	Adjusted	Adjusted vs. Sep-25	Dec-24	Adjusted vs. Dec-24
					Adjusted	Adjusted	Adjusted
Compensation & benefits	1,030.7	(131.2)	899.5	894.7	1%	863.0	4%
Sales, distribution & marketing	540.9	(540.9)	-	-	NM	-	NM
Information systems & technology	157.0	(4.4)	152.6	158.2	(4%)	147.3	4%
Occupancy	66.8	(0.1)	66.7	69.3	(4%)	75.1	(11%)
Amortization of intangible assets	55.1	(55.1)	-	-	NM	-	NM
General, administrative & other	195.6	(4.5)	191.1	220.4	(13%)	184.5	4%
Total Operating Expenses	2,046.1	(736.2)	1,309.9	1,342.6	(2%)	1,269.9	3%

Adjusted Operating Expenses – Quarters Ended September 30, 2025 and December 31, 2025



1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical investor presentations available at franklinresources.com.

Financial Results

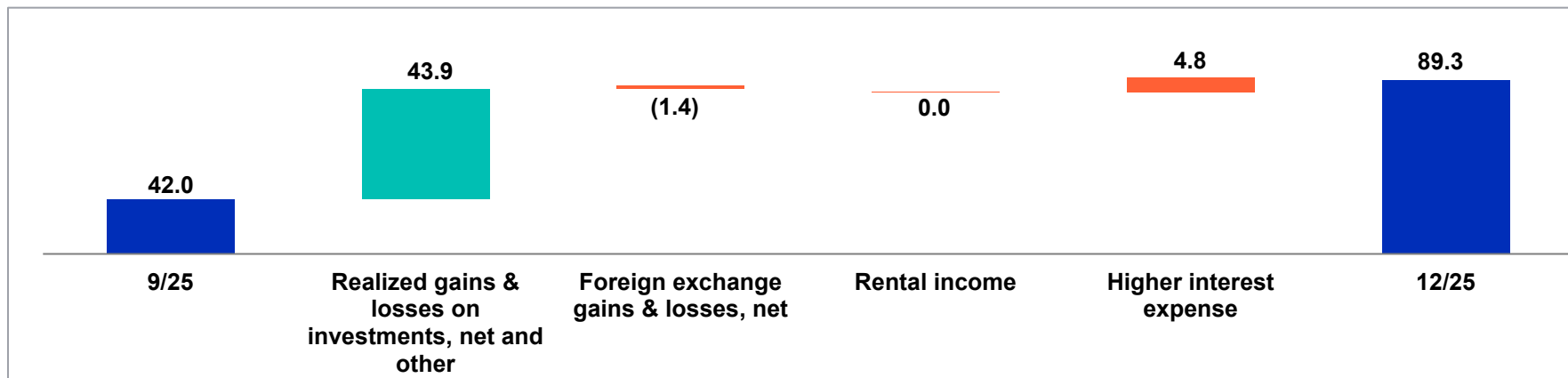
(GAAP and non-GAAP in US\$ millions except per share data, for the three months ended)



Other Income (Expense), Net¹

	Dec-25		Dec-25		Dec-25		Dec-25	
	Adjusted vs.		Adjusted vs.		Adjusted vs.		Adjusted vs.	
	US GAAP	Adjustments	Adjusted	Adjusted	Adjusted	Adjusted	Adjusted	Adjusted
Investment and other income, net	80.3	34.4	114.7	72.2	59%		94.7	21%
Interest expense	(20.4)	(5.0)	(25.4)	(30.2)	(16%)		(27.2)	(7%)
Investment and other income (losses) of CIPs	124.9	(124.9)	-	-	NM		-	NM
Expenses of CIPs	(14.0)	14.0	-	-	NM		-	NM
Other Income (Expense), Net	170.8	(81.5)	89.3	42.0	113%		67.5	32%

Adjusted Other Income – Quarters Ended September 30, 2025 and December 31, 2025



1) For the reconciliations from US GAAP to non-GAAP measures see pages 22 through 24 and the Supplemental Non-GAAP Financial Measures section of the earnings release. For prior periods please refer to historical investor presentations available at franklinresources.com.

Reconciliation of US GAAP results to Non-GAAP Results

Three months ended December 31, 2025



(in US\$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, Distribution and Marketing	Acquisition- Related	Special Termination Plan	Unrealized Investment (Gains) Losses	Deferred Comp Plan and Other	Tax Expense of Adjustments	Non-GAAP Basis
Revenues									
Investment management fees	1,847.9	16.0	(152.2)	(55.0) ¹	-	-	-	-	1,656.7
Sales and distribution fees	388.7	-	(388.7)	-	-	-	-	-	-
Shareholder servicing fees	70.9	-	-	-	-	-	-	-	70.9
Other	19.6	-	-	-	-	-	-	-	19.6
Total Operating Revenues	2,327.1	16.0	(540.9)	(55.0)	-	-	-	-	1,747.2
Expenses									
Compensation and benefits	1,030.7	-	-	(87.5) ¹	(16.0)	-	(27.7)	-	899.5
Sales, distribution and marketing	540.9	-	(540.9)	-	-	-	-	-	-
Information systems and technology	157.0	-	-	(4.4)	-	-	-	-	152.6
Occupancy	66.8	-	-	(0.1)	-	-	-	-	66.7
Amortization of intangible assets	55.1	-	-	(55.1)	-	-	-	-	-
General, administrative and other	195.6	-	-	(4.5)	-	-	-	-	191.1
Total Operating Expenses	2,046.1	-	(540.9)	(151.6)	(16.0)	-	(27.7)	-	1,309.9
Operating Income	281.0	16.0	-	96.6	16.0	-	27.7	-	437.3
Other Income (Expense)									
Investment and other income (losses) net	80.3	36.1	-	1.7	-	6.7	(10.1)	-	114.7
Interest expense	(20.4)	-	-	(5.0)	-	-	-	-	(25.4)
Investment and other income (losses) of CIPs, net	124.9	(124.9)	-	-	-	-	-	-	-
Expenses of CIPs	(14.0)	14.0	-	-	-	-	-	-	-
Total Other Income (Expense)	170.8	(74.8)	-	(3.3)	-	6.7	(10.1)	-	89.3
Income before taxes	451.8	(58.8)	-	93.3	16.0	6.7	17.6	-	526.6
Taxes on income	105.0	-	-	-	-	-	-	18.2	123.2
Net income	346.8	(58.8)	-	93.3	16.0	6.7	17.6	(18.2)	403.4
Less: Net income (loss) attributable to noncontrolling interests	91.3	(59.5)	-	-	-	(13.5)	6.7	-	25.0
Net Income Attributable to Franklin Resources, Inc.	255.5	0.7	-	93.3	16.0	20.2	10.9	(18.2)	378.4
Less: allocation of earnings to participating nonvested stock and stock unit awards	16.2								15.1
Net Income Available to Franklin Resources, Inc. Common Stockholders	239.3								363.3
Diluted EPS	\$0.46								Adjusted Diluted EPS \$0.70
Avg. Diluted Shares Outstanding	518.3								Avg. Diluted Shares Outstanding 518.3
Operating Margin	12.1%								Adjusted Operating Margin 25.0%

1) Includes \$55.0 million of performance fees that were passed through as compensation per the terms of the acquisition agreement.

Reconciliation of US GAAP results to Non-GAAP Results

Three months ended September 30, 2025



(in US\$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, Distribution and Marketing	Acquisition- Related	Special Termination Plan	Unrealized Investment (Gains) Losses	Deferred Comp Plan and Other	Tax Expense of Adjustments	Non-GAAP Basis
Revenues									
Investment management fees	1,868.1	13.1	(137.4)	(22.0) ¹	-	-	-	-	1,721.8
Sales and distribution fees	382.4	-	(382.4)	-	-	-	-	-	-
Shareholder servicing fees	79.2	-	-	-	-	-	-	-	79.2
Other	14.0	-	-	-	-	-	-	-	14.0
Total Operating Revenues	2,343.7	13.1	(519.8)	(22.0)¹	-	-	-	-	1,815.0
Expenses									
Compensation and benefits	1,005.7	-	-	(53.3)	(25.0)	-	(32.7)	-	894.7
Sales, distribution and marketing	519.8	-	(519.8)	-	-	-	-	-	-
Information systems and technology	166.2	-	-	(8.0)	-	-	-	-	158.2
Occupancy	72.4	-	-	(3.1)	-	-	-	-	69.3
Amortization of intangible assets	69.2	-	-	(69.2)	-	-	-	-	-
Impairment of intangible assets	202.2	-	-	(202.2)	-	-	-	-	-
General, administrative and other	222.8	-	-	(2.4)	-	-	-	-	220.4
Total Operating Expenses	2,258.3	-	(519.8)	(338.2)¹	(25.0)	-	(32.7)	-	1,342.6
Operating Income	85.4	13.1	-	316.2	25.0	-	32.7	-	472.4
Other Income (Expense)									
Investment and other income (losses) net	84.8	49.9	-	12.0	-	(54.8)	(19.7)	-	72.2
Interest expense	(25.2)	-	-	(5.0)	-	-	-	-	(30.2)
Investment and other income (losses) of CIPs, net	123.1	(123.1)	-	-	-	-	-	-	-
Expenses of CIPs	(13.8)	13.8	-	-	-	-	-	-	-
Total Other Income (Expense)	168.9	(59.4)	-	7.0	-	(54.8)	(19.7)	-	42.0
Income before taxes	254.3	(46.3)	-	323.2	25.0	(54.8)	13.0	-	514.4
Taxes on income	65.8	-	-	-	-	-	-	65.2	131.0
Net income	188.5	(46.3)	-	323.2	25.0	(54.8)	13.0	(65.2)	383.4
Less: Net income (loss) attributable to noncontrolling interests	70.9	(54.1)	-	-	-	2.7	6.4	-	25.9
Net Income Attributable to Franklin Resources, Inc.	117.6	7.8	-	323.2	25.0	(57.5)	6.6	(65.2)	357.5
Less: allocation of earnings to participating nonvested stock and stock unit awards	10.3								11.3
Net Income Available to Franklin Resources, Inc. Common Stockholders	107.3								346.2
Diluted EPS	\$0.21				Adjusted Diluted EPS				\$0.67
Avg. Diluted Shares Outstanding	515.4				Avg. Diluted Shares Outstanding				515.4
Operating Margin	3.6%				Adjusted Operating Margin				26.0%

1) Includes \$22.0 million of performance fees that were passed through as compensation and sub-advisory expense per the terms of the acquisition agreement.

Reconciliation of US GAAP results to Non-GAAP Results

Three months ended December 31, 2024



(in US\$ millions except per share data)	US GAAP Basis	Consolidated Investment Products	Sales, distribution and marketing	Acquisition- related	Special Termination Plan	Unrealized investment (gains) losses	Deferred Comp Plan and other	Non-GAAP Basis
Revenues								
Investment management fees	1,799.3	12.5	(136.8)	(69.1) ¹	-	-	-	1,605.9
Sales and distribution fees	375.5	-	(375.5)	-	-	-	-	-
Shareholder servicing fees	63.5	-	-	-	-	-	-	63.5
Other	13.3	-	-	-	-	-	-	13.3
Total Operating Revenues	2,251.6	12.5	(512.3)	(69.1)¹	-	-	-	1,682.7
Expenses								
Compensation and benefits	991.4	-	-	(114.9)	(0.4)	-	(13.1)	863.0
Sales, distribution and marketing	512.3	-	(512.3)	-	-	-	-	-
Information systems and technology	156.0	-	-	(8.7)	-	-	-	147.3
Occupancy	75.1	-	-	-	-	-	-	75.1
Amortization of intangible assets	112.6	-	-	(112.6)	-	-	-	-
General, administrative and other	185.2	-	-	(0.7)	-	-	-	184.5
Total Operating Expenses	2,032.6	-	(512.3)	(236.9)	(0.4)	-	(13.1)	1,269.9
Operating Income	219.0	12.5	-	167.8	0.4	-	13.1	412.8
Other Income (Expense)								
Investment and other income (losses) net	10.5	45.3	-	2.5	-	36.0	0.4	94.7
Interest expense	(23.1)	-	-	(4.1)	-	-	-	(27.2)
Investment and other income (losses) of CIPs, net	114.1	(114.1)	-	-	-	-	-	-
Expenses of CIPs	(7.3)	7.3	-	-	-	-	-	-
Total Other Income (Expense)	94.2	(61.5)	-	(1.6)	-	36.0	0.4	67.5
Income before taxes	313.2	(49.0)	-	166.2	0.4	36.0	13.5	480.3
Taxes on income	81.1	-	-	40.2	0.1	7.2	3.3	131.9
Net income	232.1	(49.0)	-	126.0	0.3	28.8	10.2	348.4
Less: Net income (loss) attributable to noncontrolling interests	68.5	(53.2)	-	-	-	4.5	8.1	27.9
Net Income Attributable to Franklin Resources, Inc.	163.6	4.2	-	126.0	0.3	24.3	2.1	320.5
Less: allocation of earnings to participating nonvested stock and stock unit awards	15.4							14.5
Net Income Available to Franklin Resources, Inc. Common Stockholders	148.2							306.0
Diluted EPS	\$0.29				Adjusted Diluted EPS			\$0.59
Avg. Diluted Shares Outstanding	518.2				Avg. Diluted Shares Outstanding			518.2
Operating Margin	9.7%				Adjusted Operating Margin			24.5%

1) Includes \$69.1 million of performance fees that were passed through as compensation per the terms of the acquisition agreements.

Illustrative 2026 Adjusted Operating Expense Bridge



Assumptions

- Assumes all expenses not specifically identified in the graph remain unchanged in aggregate. All estimates assume no market changes after December 31, 2025. Excludes performance fee incentive compensation and performance fee related third-party expenses
- Expense Savings – Reflects previously announced incremental FY26 expense savings initiatives related to integrations and ongoing corporate efficiencies
- Apera – Reflects expected FY26 expenses of the acquired Apera business, which closed on October 1, 2025
- Fundraising – Reflects expected incremental expenses to FY25 associated with FY26 fundraising activity and new product launches, including placement fees, platform fees, commissions and related compensation, and other related expenses. Estimate is based on the high end of the previously announced \$25-30 billion fundraising range in FY26
- Strategic Investments – Reflects expected incremental expenses to FY25 of ongoing strategic growth initiatives including investments in alternative wealth management capabilities, ETF expansion, technology platform implementation, and targeted distribution initiatives
- Incentive Compensation – Reflects expected increase in incentive compensation based on firm performance and formulaic incentive plans factoring in AUM, market appreciation, and investment performance through December 31, 2025