

# Q1 2024 Outlook Summary

## Gross Profit

- Payout rate decrease to ~86.5%
- Based on current interest rates and client cash balances in January, ICA yield<sup>(1)</sup> increase by ~5 bps sequentially
- Service and fee revenue decrease by ~\$5M sequentially
- Transaction revenue increase by a couple million sequentially

## Expenses

- 2024 Core G&A<sup>(2)</sup> of \$1,455M to \$1,490M
  - Q1 2024 Core G&A of \$360M to \$370M
- Promotional expense roughly flat sequentially
- Regulatory expense of ~\$10M
- Share-based compensation expense increase by ~\$7M sequentially
- Interest expense increase by ~\$7M sequentially

## Capital Return

- Share repurchases of ~\$70M

Prior to the announced acquisition of Atria Wealth Solutions, we repurchased ~\$70M in Q1 2024 in accordance with the Company's 10b5-1 trading plan. Following the announcement, we plan to pause share repurchases.

# Notice to Investors: Safe Harbor Statement and Endnotes

## Notice to Investors: Safe Harbor Statement

Statements in this presentation regarding LPL Financial Holdings Inc.'s (together with its subsidiaries, the "Company") future financial and operating results, growth, plans, priorities, business strategies and outlook, including forecasts and statements relating to the Company's gross profit, payout rate, client cash yields, service and fee revenue, transaction revenue, core G&A expenses (including outlook for 2024), promotional, depreciation and amortization, and interest expenses, capital returns and planned share repurchases, as well as any other statements that are not related to present facts or current conditions or that are not purely historical, constitute forward-looking statements. They reflect the Company's expectations as of February 13, 2024 and are not guarantees that the expectations or objectives expressed or implied will be achieved. The achievement of such expectations and objectives involves risks and uncertainties that may cause actual results, levels of activity or the timing of events to differ materially from those expressed or implied by the forward-looking statements. Important factors that could cause or contribute to such differences include: difficulties and delays in onboarding the assets of acquired or recruited advisors, including the receipt and timing of regulatory approvals that may be required; disruptions in the businesses of the Company that could make it more difficult to maintain relationships with advisors and their clients; the choice by clients of acquired or recruited advisors not to open brokerage and/or advisory accounts at the Company; changes in general economic and financial market conditions, including retail investor sentiment; changes in interest rates and fees payable by banks participating in the Company's client cash programs, including the Company's success in negotiating agreements with current or additional counterparties; the Company's strategy and success in managing client cash program fees; changes in the growth and profitability of the Company's fee-based offerings; fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenue; effects of competition in the financial services industry and the success of the Company in attracting and retaining financial advisors and enterprises, and their ability to market financial products and services effectively; whether the retail investors served by newly-recruited advisors choose to move their respective assets to new accounts at the Company; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by federal and state regulators and self-regulatory organizations; the cost of settling and remediating issues related to regulatory matters or legal proceedings, including actual costs of reimbursing customers for losses in excess of our reserves; changes made to the Company's services and pricing, including in response to competitive developments and current, pending and future legislation, regulation and regulatory actions, and the effect that such changes may have on the Company's gross profit streams and costs; execution of the Company's capital management plans, including its compliance with the terms of the Company's amended and restated credit agreement, the committed revolving credit facility and LPL Financial's committed revolving credit facility, and the indentures governing the Company's senior unsecured notes; the price, availability and trading volumes of shares of the Company's common stock, which will affect the timing and size of future share repurchases by the Company, if any; whether advisors affiliated with Prudential Financial, Inc. ("Prudential") will transition registration to the Company and whether assets reported as serviced by such financial advisors will translate into assets of the Company; the failure to satisfy the closing conditions applicable to the strategic relationship agreement between the Company and Prudential, including regulatory approval; the negotiation of the civil monetary penalty and definitive documentation in connection with the settlement of the industry-wide civil investigation into compliance with records preservation requirements for business-related electronic communications stored on personal devices applicable to broker-dealer firms and investment advisors; the execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements or efficiencies expected to result from its investments, initiatives and acquisitions, expense plans and technology initiatives; the performance of third-party service providers to which business processes have been transitioned; the Company's ability to control operating risks, information technology systems risks, cybersecurity risks and sourcing risks; and the other factors set forth in the Company's most recent Annual Report on Form 10-K, as may be amended or updated in the Company's Quarterly Reports on Form 10-Q or other filings with the Securities and Exchange Commission. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after February 13, 2024 and you should not rely on statements contained herein as representing the Company's view as of any date subsequent to February 13, 2024.

## Endnotes

- (1) Calculated by dividing revenue for the period by the average balance during the period.
- (2) Core G&A is a non-GAAP financial measure. Core G&A consists of total expense less the following expenses: advisory and commission; depreciation and amortization; amortization of other intangibles; market fluctuations on employee deferred compensation; brokerage, clearing and exchange; interest expense on borrowings; promotional (ongoing); acquisition costs; employee share-based compensation; and regulatory charges. Management presents core G&A because it believes core G&A reflects the corporate expense categories over which management can generally exercise a measure of control, compared with expense items over which management either cannot exercise control, such as advisory and commission, or which management views as promotional expense necessary to support advisor growth and retention, including conferences and transition assistance. Core G&A is not a measure of the Company's total expense as calculated in accordance with GAAP. For a reconciliation of the Company's total expense to core G&A, please see the Company's Q4 2023 Earnings Release. The Company does not provide an outlook for its total expense because it contains expense components, such as advisory and commission, that are market-driven and over which the Company cannot exercise control. Accordingly, a reconciliation of the Company's outlook for total expense to an outlook for core G&A cannot be made available without unreasonable effort.