



Q3 2021 HISTORICAL INFORMATION

LPL Financial Holdings Inc.
October 28, 2021

LPL Financial Holdings Inc. - Historical Management's Statements of Operations

For the quarter ending September 30, 2021

(\$ in thousands, unless noted)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Gross Profit*									
Advisory	\$ 959,733	\$ 846,313	\$ 722,046	\$ 638,181	\$ 586,941	\$ 523,370	\$ 579,027	\$ 533,259	\$ 514,363
Sales-based commissions	239,804	249,596	236,273	202,504	180,357	159,512	228,391	193,980	194,342
Trailing commissions	370,580	348,637	320,956	300,516	292,286	267,941	275,053	282,940	280,651
Advisory fees and commissions	1,570,117	1,444,546	1,279,275	1,141,201	1,059,584	950,823	1,082,471	1,010,179	989,356
Production based payout	(1,368,348)	(1,247,321)	(1,095,377)	(987,882)	(917,831)	(819,953)	(920,835)	(876,654)	(857,384)
Advisory fees and commissions, net of payout	201,769	197,225	183,898	153,319	141,753	130,870	161,636	133,525	131,972
Client cash	91,257	90,377	97,104	105,019	108,705	116,266	151,398	155,322	162,517
Other asset-based	210,444	189,243	167,602	153,374	144,846	130,801	134,108	133,603	129,623
Transaction and fee	140,362	137,100	140,944	129,750	119,747	119,478	137,096	118,291	121,222
Interest income and other, net	10,099	11,111	9,170	10,082	8,484	9,397	8,364	13,323	13,556
Total net advisory fees and commissions and attachment revenue	653,931	625,056	598,718	551,544	523,535	506,812	592,602	554,064	558,890
Brokerage, clearing, and exchange expense	(22,828)	(23,459)	(19,364)	(17,762)	(17,834)	(18,565)	(17,024)	(15,927)	(16,380)
Gross Profit*	631,103	601,597	579,354	533,782	505,701	488,246	575,578	538,137	542,510
G&A Expense									
Core G&A*	270,865	251,679	236,263	252,391	227,099	222,406	223,211	230,182	215,198
Regulatory charges	5,976	7,416	7,595	8,775	8,326	6,115	6,157	7,893	7,905
Promotional (ongoing)	83,630	64,135	54,181	48,342	57,970	44,540	57,398	51,050	61,715
Acquisition costs	35,887	23,782	2,429	-	-	-	-	-	-
Employee share-based compensation	9,763	11,136	11,356	7,542	7,420	8,040	8,648	7,179	7,414
Total G&A	406,121	358,148	311,823	317,050	300,815	281,101	295,414	296,304	292,232
Loss on extinguishment of debt	-	-	24,400	-	-	-	-	3,156	-
EBITDA*	224,982	243,449	243,131	216,732	204,886	207,146	280,164	238,677	250,278
Depreciation and amortization	38,409	36,704	35,499	28,650	27,548	26,890	26,644	25,663	24,062
Amortization of intangible assets	21,531	19,925	17,431	17,270	16,829	16,689	16,570	16,631	16,286
Non-operating interest expense and other	27,063	25,171	25,059	24,979	25,179	26,289	29,318	31,384	31,944
INCOME BEFORE PROVISION FOR INCOME TAXES	137,979	161,649	165,142	145,833	135,330	137,278	207,632	164,999	177,986
PROVISION FOR INCOME TAXES	34,915	42,548	35,522	34,285	31,541	35,616	51,991	38,323	46,272
NET INCOME	\$ 103,064	\$ 119,101	\$ 129,620	\$ 111,548	\$ 103,789	\$ 101,662	\$ 155,641	\$ 126,676	\$ 131,714
Earnings per share, diluted	\$ 1.26	\$ 1.46	\$ 1.59	\$ 1.38	\$ 1.29	\$ 1.27	\$ 1.92	\$ 1.53	\$ 1.57
Weighted-average shares outstanding, diluted	81,849	81,728	81,622	80,904	80,550	80,127	81,166	82,695	83,844
EPS prior to amortization of intangible assets and acquisition costs*	\$ 1.77	\$ 1.85	\$ 1.77	\$ 1.53	\$ 1.44	\$ 1.42	\$ 2.06	\$ 1.68	\$ 1.71

***Notice to Investors: Non-GAAP Financial Measures**

EPS prior to amortization of intangible assets and acquisition costs, adjusted net income, gross profit, core G&A and EBITDA are non-GAAP financial measures. Management believes that presenting certain non-GAAP financial measures by excluding or including certain items can be helpful to investors and analysts who may wish to use some or all of this information to analyze the Company's current performance, prospects and valuation. Management uses this non-GAAP information internally to evaluate operating performance and in formulating the budget for future periods. Management believes that the non-GAAP financial measures and metrics discussed herein are appropriate for evaluating the performance of the Company.

Gross profit is calculated as total revenues, less advisory and commission expenses and brokerage, clearing and exchange expense. All other expense categories, including depreciation and amortization of fixed assets and amortization of intangible assets, are considered general and administrative in nature. Because the Company's gross profit amounts do not include any depreciation and amortization expense, the Company considers gross profit to be a non-GAAP financial measure that may not be comparable to similar measures used by others in its industry. Management believes that gross profit can provide investors with useful insight into the Company's core operating performance before indirect costs that are general and administrative in nature. For a calculation of gross profit, please see below.

EPS prior to amortization of intangible assets and acquisition costs is defined as adjusted net income, a non-GAAP measure defined as net income plus the after-tax impact of amortization of intangible assets and acquisition costs, divided by the weighted average number of diluted shares outstanding for the applicable period. The Company presents adjusted net income and EPS prior to amortization of intangible assets and acquisition costs because management believes that the metric can provide investors with useful insight into the Company's core operating performance by excluding non-cash items and acquisition costs that management does not believe impact the Company's ongoing operations. Adjusted net income and EPS prior to amortization of intangible assets and acquisition costs are not measures of the Company's financial performance under GAAP and should not be considered as an alternative to net income, earnings per diluted share or any other performance measure derived in accordance with GAAP. For a reconciliation of net income and earnings per diluted share to adjusted net income and EPS prior to amortization of intangible assets and acquisition costs, please see below.

Core G&A consists of total operating expenses less the following expenses: advisory and commission, regulatory charges, promotional, employee share-based compensation, depreciation and amortization, amortization of intangible assets, brokerage, clearing and exchange and acquisition costs. Management presents core G&A because it believes core G&A reflects the corporate operating 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 expenses, 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 operating expenses as calculated in accordance with GAAP. For a reconciliation of core G&A to the Company's total operating expenses, please see below. The Company does not provide an outlook for its total operating expenses because it contains expense components, such as advisory and commission expenses, that are market-driven and over which the Company cannot exercise control. Accordingly a reconciliation of the Company's outlook for core G&A to an outlook for total operating expenses cannot be made available without unreasonable effort.

EBITDA is defined as net income plus interest and other expense, income tax expense, depreciation and amortization, and amortization of intangible assets. During the third quarter of 2021, the Company changed its definition of EBITDA to include the loss on extinguishment of debt and has updated prior period disclosures to reflect this change as applicable. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company's earnings from operations. EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP. For a reconciliation of EBITDA to net income, please see the prior page.

\$ in millions	Q3 2021		Q2 2021		Q1 2021		Q4 2020		Q3 2020		Q2 2020		Q1 2020		Q4 2019		Q3 2019	
Total revenue	\$2,021		\$1,898		\$1,708		\$1,581		\$1,460		\$1,367		\$1,463		\$1,448		\$1,416	
Advisory and commission expense	1,367		1,273		1,109		1,030		937		860		871		894		857	
Brokerage, clearing and exchange	23		23		19		18		18		19		17		16		16	
Gross Profit	\$631		\$602		\$579		\$534		\$506		\$488		\$576		\$538		\$543	
Production based payout	\$1,368		\$1,247		\$1,095		\$988		\$918		\$820		\$921		\$877		\$857	
Advisor deferred compensation expense	(2)		26		14		42		19		40		(50)		17		(1)	
Advisory and commission expense	\$1,367		\$1,273		\$1,109		\$1,030		\$937		\$860		\$871		\$894		\$857	
Interest income	\$7		\$7		\$7		\$7		\$7		\$7		\$10		\$11		\$12	
Plus: Other revenue	1		30		16		45		21		43		(51)		20		1	
Plus (Less): Advisor deferred compensation expense	2		(26)		(14)		(42)		(19)		(40)		50		(17)		1	
Interest income and other, net	\$10		\$11		\$9		\$10		\$8		\$9		\$8		\$13		\$14	
Total operating expense	\$1,856		\$1,711		\$1,493		\$1,410		\$1,300		\$1,203		\$1,226		\$1,248		\$1,205	
Advisory and commissions	1,367		1,273		1,109		1,030		937		860		871		894		857	
Depreciation & amortization	38		37		35		29		28		27		27		26		24	
Amortization of intangible assets	22		20		17		17		17		17		17		17		16	
Brokerage, clearing and exchange	23		23		19		18		18		19		17		16		16	
Total G&A	\$406		\$358		\$312		\$317		\$301		\$281		\$295		\$296		\$292	
Promotional	\$84		\$64		\$54		\$48		\$58		\$45		\$57		\$51		\$62	
Acquisition costs	36		24		2		0		0		0		0		0		0	
Employee share-based compensation	10		11		11		8		7		8		9		7		7	
Regulatory charges	6		7		8		9		8		6		6		8		8	
Core G&A	\$271		\$252		\$236		\$252		\$227		\$222		\$223		\$230		\$215	
	Q3 2021		Q2 2021		Q1 2021		Q4 2020		Q3 2020		Q2 2020		Q1 2020		Q4 2019		Q3 2019	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share						
Net income / earnings per diluted share	\$103	\$1.26	\$119	\$1.46	\$130	\$1.59	\$112	\$1.38	\$104	\$1.29	\$102	\$1.27	\$156	\$1.92	\$127	\$1.53	\$132	\$1.57
Amortization of intangible assets	22	0.26	20	0.24	17	0.21	17	0.21	17	0.21	17	0.21	17	0.20	17	0.20	16	0.19
Acquisition costs	36	0.44	24	0.29	2	0.03	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Tax benefit	(15)	(0.19)	(12)	(0.14)	(5)	(0.06)	(5)	(0.06)	(5)	(0.06)	(5)	(0.06)	(5)	(0.06)	(5)	(0.05)	(4)	(0.05)
Adjusted net income / EPS prior to amortization of intangible assets and acquisition costs	\$145	\$1.77	\$151	\$1.85	\$144	\$1.77	\$124	\$1.53	\$116	\$1.44	\$114	\$1.42	\$167	\$2.06	\$139	\$1.68	\$143	\$1.71
Diluted share count	82		82		82		81		81		80		81		83		84	

Note: Totals may not foot due to rounding.

LPL Financial Holdings Inc. - Historical Quarterly Activity

As of September 30, 2021

(End of Period \$ in billions, unless noted)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Assets									
Advisory Assets ⁽¹⁾	594.0	577.6	496.7	461.2	405.9	375.3	322.3	365.8	338.0
Brokerage Assets ⁽²⁾	538.6	534.7	461.6	441.9	404.4	386.4	347.6	398.6	381.3
Total Advisory and Brokerage Assets	1,132.6	1,112.3	958.3	903.1	810.4	761.7	669.9	764.4	719.3
Centrally Managed Assets ⁽³⁾	88.6	84.7	77.0	67.1	59.0	54.4	46.9	52.4	47.8
Total Net New Assets									
Net New Advisory Assets ⁽⁴⁾	21.7	54.9	22.7	18.4	10.4	10.2	13.2	11.5	10.1
Net New Brokerage Assets ⁽⁵⁾	7.3	51.1	6.2	3.4	0.7	2.8	1.2	1.0	1.8
Total Net New Assets	29.0	106.0	28.9	21.8	11.1	13.0	14.3	12.5	11.9
Total Organic Net New Assets⁽⁶⁾									
Organic Net New Advisory Assets	21.1	21.4	22.7	15.9	10.4	10.2	13.2	11.5	9.0
Organic Net New Brokerage Assets	5.6	15.6	6.2	1.9	0.7	2.8	1.2	1.0	0.0
Total Organic Net New Assets	26.7	37.1	28.9	17.8	11.1	13.0	14.3	12.5	9.0
Net Brokerage to Advisory Conversions ⁽⁷⁾	3.1	3.2	3.3	2.6	2.0	1.6	2.4	1.9	1.7
Corporate Platform Net New Advisory Assets	15.2	49.0	17.1	15.0	7.8	6.2	7.8	8.7	7.1
Hybrid Platform Net New Advisory Assets	6.5	6.0	5.6	3.3	2.6	4.0	5.4	2.9	2.9
Total Net New Advisory Assets	21.7	54.9	22.7	18.4	10.4	10.2	13.2	11.5	10.1
Centrally Managed Net New Advisory Assets ⁽⁸⁾	3.9	4.0	7.8	2.5	1.9	1.3	2.2	2.3	2.0
Client Cash Balances									
Insured Cash Account Balances	30.5	34.1	37.4	37.3	34.7	33.1	34.5	24.4	22.2
Deposit Cash Account Balances	8.6	7.6	7.9	8.2	8.0	7.7	8.7	5.0	4.6
Total Bank Sweep Balances	39.0	41.7	45.3	45.5	42.7	40.8	43.2	29.4	26.8
Money Market Account Cash Balances	9.9	5.0	1.3	1.5	1.5	1.6	1.8	1.9	2.6
Purchased Money Market Funds	1.8	1.7	1.6	1.9	2.3	2.8	2.8	2.4	1.8
Total Money Market Balances	11.7	6.7	3.0	3.3	3.9	4.5	4.6	4.3	4.4
Total Client Cash Balances	50.7	48.4	48.3	48.9	46.6	45.3	47.8	33.7	31.2
Net Buy (Sell) Activity ⁽⁹⁾	17.6	18.1	17.4	12.2	9.3	12.5	0.2	9.8	9.0
Market Indices									
S&P 500 (end of period)	4,308	4,298	3,973	3,756	3,363	3,100	2,585	3,231	2,977
Fed Funds Effective Rate (average bps)	9	7	8	9	9	6	123	165	220

Note: The Company's Q3 2021 assets included \$71.0 billion of total brokerage and advisory assets from Waddell & Reed, LLC ("Waddell & Reed"), of which \$35.1 billion was brokerage assets and \$35.8 billion was advisory assets. The Company's Q3 2021 assets also included \$4.5 billion of brokerage assets from M&T Bank. The Company's Q2 2021 assets included \$70.0 billion of total brokerage and advisory assets from Waddell & Reed, of which \$35.7 billion was brokerage assets and \$34.3 billion was advisory assets. The Company's Q2 2021 assets also included \$15.6 billion of total brokerage and advisory assets from M&T Bank, of which \$12.4 billion was brokerage assets and \$3.1 billion was advisory assets. The Company's Q2 2021 assets also included \$3.1 billion of brokerage assets from BMO Harris Financial Advisors ("BMO"). The Company's Q1 2021 assets included \$11.8 billion of total brokerage and advisory assets from BMO, of which \$6.8 billion was brokerage assets and \$5.0 billion was advisory assets.

(1) Consists of total advisory assets under custody at the Company's broker-dealer subsidiaries, LPL Financial LLC ("LPL Financial") and Waddell & Reed. Assets for Q4 2020 also included advisory assets related to the onboarding of E.K. Riley Investments, LLC ("E.K. Riley") and Lucia Securities, LLC ("Lucia").

(2) Consists of brokerage assets serviced by advisors licensed with LPL Financial and Waddell & Reed. Assets for Q4 2020 also included brokerage assets related to the onboarding of E.K. Riley and Lucia.

(3) Represents those advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios and Guided Wealth Portfolios platforms.

(4) Consists of Advisory Asset Inflows minus Outflows, plus Advisory Dividends, plus Interest, minus Advisory Fees.

(5) Consists of Brokerage Asset Inflows minus Outflows, plus Brokerage Dividends, plus Interest.

(6) Consists of net new assets excluding assets acquired from Waddell & Reed, Lucia and E.K. Riley. Acquired assets include \$2.3 billion and \$68.9 billion of net new assets from Waddell & Reed in Q3 2021 and Q2 2021 respectively, \$2.5 billion of net new assets from E.K. Riley in Q4 2020, \$1.5 billion of net new assets from Lucia in Q4 2020, and \$2.9 billion of net new assets from Allen & Company of Florida, LLC in Q3 2019.

(7) Consists of existing custodied accounts that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.

(8) Consists of total client deposits into Centrally Managed Assets accounts less total client withdrawals from Centrally Managed Assets accounts plus dividends, plus interest, minus advisory fees.

(9) Represents the amount of securities purchased less the amount of securities sold in client accounts custodied with LPL Financial. Reported activity does not include any other cash activity, such as deposits, withdrawals, dividends received or fees paid.

LPL Financial Holdings Inc. - Historical Monthly Activity

As of September 30, 2021

(End of Period \$ in billions, unless noted)	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021	Dec 2020	Nov 2020	Oct 2020	Sep 2020
Assets													
Advisory Assets ⁽¹⁾	594.0	604.6	588.4	577.6	559.0	550.5	496.7	477.4	464.6	461.2	442.0	406.0	405.9
Brokerage Assets ⁽²⁾	538.6	552.3	541.4	534.7	515.1	512.7	461.6	447.7	442.3	441.9	431.3	401.6	404.4
Total Advisory and Brokerage Assets	1,132.6	1,156.9	1,129.9	1,112.3	1,074.1	1,063.2	958.3	925.1	907.0	903.1	873.3	807.6	810.4
Total Net New Assets													
Net New Advisory Assets ⁽³⁾	9.6	6.4	5.7	11.2	5.7	38.0	12.5	6.0	4.2	6.8	5.8	5.7	4.4
Net New Brokerage Assets ⁽⁴⁾	1.8	1.2	4.3	14.8	0.4	35.9	6.9	0.0	(0.6)	1.1	1.6	0.8	0.7
Total Net New Assets	11.4	7.6	10.0	26.0	6.1	73.8	19.4	5.9	3.6	7.9	7.4	6.5	5.1
Total Organic Net New Assets⁽⁵⁾													
Net New Organic Advisory Assets	9.0	6.4	5.7	10.4	5.7	5.4	12.5	6.0	4.2	6.8	4.2	4.8	4.4
Net New Organic Brokerage Assets	0.1	1.2	4.3	13.9	0.4	1.4	6.9	0.0	(0.6)	1.1	0.7	0.2	0.7
Total Organic Net New Assets	9.1	7.6	10.0	24.2	6.1	6.7	19.4	5.9	3.6	7.9	4.9	5.0	5.1
Net Brokerage to Advisory Conversions ⁽⁶⁾	1.1	1.2	0.8	0.9	1.0	1.3	1.2	1.1	1.0	1.0	0.7	0.9	0.7
Client Cash Balances													
Insured Cash Account Balances	30.5	33.2	34.4	34.1	34.5	35.0	37.4	37.3	37.5	37.3	36.1	36.0	34.7
Deposit Cash Account Balances	8.6	8.2	7.9	7.6	7.6	7.5	7.9	7.9	8.0	8.2	8.3	8.6	8.0
Total Insured Sweep Balances	39.0	41.4	42.2	41.7	42.0	42.5	45.3	45.2	45.5	45.5	44.5	44.6	42.7
Money Market Sweep Balances	9.9	6.3	4.3	5.0	4.3	3.7	1.3	1.4	1.4	1.5	1.5	1.6	1.5
Purchased Money Market Funds	1.8	1.9	1.9	1.7	1.5	1.5	1.6	1.7	1.8	1.9	2.1	2.2	2.3
Total Money Market Balances	11.7	8.3	6.3	6.7	5.8	5.2	3.0	3.1	3.2	3.3	3.6	3.8	3.9
Total Client Cash Balances⁽⁷⁾	50.7	49.7	48.5	48.4	47.8	47.7	48.3	48.3	48.8	48.9	48.1	48.3	46.6
Net Buy (Sell) Activity ⁽⁸⁾	5.5	5.6	6.5	6.0	5.2	6.9	6.9	6.0	4.5	5.6	4.2	2.5	2.9
Market Indices													
S&P 500 (end of period)	4,308	4,523	4,395	4,298	4,204	4,181	3,973	3,811	3,714	3,756	3,622	3,270	3,363
Fed Funds Effective Rate (average bps)	8	9	10	8	6	7	7	8	9	9	9	9	9

Note: The Company's September 2021, June 2021, and April 2021 assets included \$2.3 billion, \$1.8 billion, and \$67.1 billion of total brokerage and advisory assets from Waddell & Reed, LLC ("Waddell & Reed"), respectively. The Company's September 2021, August 2021, July 2021, and June 2021 assets included \$0.2 billion, \$1.3 billion, \$3.0 billion, and \$15.6 billion of total brokerage and advisory assets from M&T Bank, respectively. The Company's June 2021, May 2021, April 2021 and March 2021 assets included \$0.7 billion, \$0.3 billion, \$2.1 billion and \$11.8 billion of total brokerage and advisory assets from BMO Harris Financial Advisors ("BMO"), respectively.

(1) Consists of total advisory assets under custody at the Company's broker-dealer subsidiaries, LPL Financial LLC ("LPL Financial") and Waddell & Reed. September 2021, June 2021, and April 2021 assets included \$0.6 billion, \$0.9 billion, and \$32.6 billion of advisory assets from Waddell & Reed, respectively. June 2021 assets included \$3.1 billion of advisory assets from M&T Bank, respectively. March 2021 assets included \$5.0 billion of advisory assets from BMO, respectively. November 2020 also included advisory assets from E.K. Riley Investments, LLC ("E.K. Riley"). October 2020 also included advisory assets from Lucia Securities, LLC ("Lucia").

(2) Consists of total brokerage assets under custody at the Company's broker-dealer subsidiaries, LPL Financial and Waddell & Reed. September 2021, June 2021, and April 2021 assets included \$1.7 billion, \$0.9 billion, and \$34.5 billion of brokerage assets from Waddell & Reed, respectively. September 2021, August 2021, July 2021, and June 2021 assets included \$0.2 billion, \$1.3 billion, \$3.0 billion, and \$12.4 billion of brokerage assets from M&T Bank, respectively. June 2021, May 2021, April 2021, and March 2021 assets included \$0.7 billion, \$0.3 billion, \$2.1 billion, and \$6.8 billion of brokerage assets from BMO, respectively. November 2020 also included brokerage assets from E.K. Riley. October 2020 also included brokerage assets from Lucia.

(3) Consists of Advisory Asset Inflows minus Outflows, plus Advisory Dividends, plus Interest, minus Advisory Fees.

(4) Consists of Brokerage Asset Inflows minus Outflows, plus Brokerage Dividends, plus Interest.

(5) Consists of net new assets excluding the acquisitions of Waddell & Reed, Lucia and E.K. Riley. Acquired assets include \$2.3 billion, \$1.8 billion and \$67.1 billion of net new assets from Waddell & Reed in September 2021, June 2021, and April 2021 respectively, \$2.5 billion of net new assets from E.K. Riley in November 2020, and \$1.5 billion of net new assets from Lucia in October 2020.

(6) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.

(7) In April 2021, total client cash balances included \$1.1 billion of Money Market Account cash balances from Waddell & Reed.

(8) Represents the amount of securities purchased less the amount of securities sold in client accounts custodied with LPL Financial. Reported activity does not include any other cash activity, such as deposits, withdrawals, dividends received or fees paid.