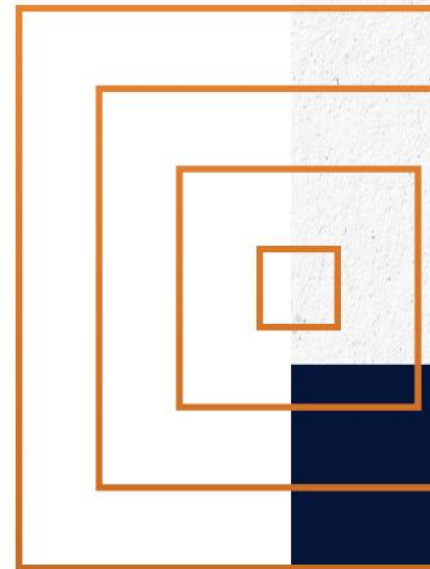


LPL Financial

Q4 2025 Earnings

Prepared Remarks



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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, capabilities, and outlook, including forecasts and statements relating to the Company's future financial and operating results, growth, plans, priorities and business strategies, including forecasts and statements related to the Company's ICA yield, service and fee revenue, transaction revenue, Core G&A* expenses (including outlook for 2026), interest expense and income, depreciation and amortization, leverage ratio (including plans to reduce leverage), pricing and fees (including their effect on adjusted pre-tax margin), corporate cash, run-rate EBITDA, transaction revenue, operating leverage, pre-tax margin, transition assistance loan amortization and share repurchases, if any; the success of the Company's future recruiting efforts; the Company's plans to invest to drive growth and increase efficiency while scaling its business; future advisor service experience, future investments and capital deployment, including share repurchase activity and dividends, if any, and long-term shareholder value; the Company's retention of Commonwealth Financial Network's ("Commonwealth") assets, and Commonwealth's future financial and operating performance; run-rate EBITDA expectations in connection with the Company's acquisition Commonwealth; and the amount and timing of the onboarding of acquired, recruited or transitioned brokerage and advisory assets, including from Commonwealth, 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 and objectives as of January 29, 2026 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 forward-looking statements. Important factors that could cause or contribute to such differences include: difficulties and delays in onboarding the assets of acquired, recruited, or transitioned advisors, including the receipt and timing of regulatory approvals that may be required; disruptions in the businesses of the Company and Commonwealth 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 and asset-based revenues; 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 institutions, and their ability to provide 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 defending, settling and remediating issues related to regulatory matters or legal proceedings, including civil monetary penalties or actual costs of reimbursing customers for losses in excess of our reserves or insurance; 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; strategic acquisitions and investments, including pursuant to the Company's liquidity and succession solution, and the effect that such acquisitions and investments may have on the Company's capital management plans and liquidity; 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 Commonwealth will transition registration to the Company and whether assets reported as serviced by such financial advisors will translate into assets of the Company; 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 January 29, 2026 and you should not rely on statements contained herein as representing the Company's view as of any date subsequent to January 29, 2026.

Actual remarks made on the Company's earnings conference call could vary from the prepared remarks presented here. A webcast replay of the Company's earnings conference call will be available on the Investor Relations section of the Company's website, investor.lpl.com/events. Please refer to the Company's earnings release for additional information.

*Notice to Investors: Non-GAAP Financial Measures

The prepared remarks set forth herein include discussion of certain non-GAAP financial measures. At the time these remarks were made, listeners were referred to the Company's earnings release, which had been previously published on the Company's website at investor.lpl.com, and which contained reconciliations of such non-GAAP financial measures to comparable GAAP figures. 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 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. These non-GAAP financial measures include but are not limited to adjusted pre-tax margin, adjusted EPS, Gross Profit and Core G&A.

Rich Steinmeier, CEO

Thanks Operator, and thank you to everyone for joining our call. It's a pleasure to speak with you again.

Before touching on our fourth quarter results, it was a milestone year for LPL, as we significantly advanced our key strategic priorities. To reflect on a few of our key accomplishments, we delivered industry-leading organic asset growth of 8%, including the onboarding of the retail wealth management businesses of Wintrust Financial and First Horizon, which collectively support over 200 financial advisors managing roughly \$34B in client assets. We completed the onboarding and integration of Atria Wealth Solutions, converting seven distinct broker-dealers, to the LPL platform. We signed and closed our acquisition of Commonwealth Financial Network, marking the largest deal in LPL history, welcoming their home office staff and approximately 3,000 advisors to the LPL family. We launched a national marketing campaign, to elevate our brand with advisors and their clients. We significantly advanced our employee experience, resulting in our highest employee engagement scores in nearly a decade. We made meaningful progress driving improved operating leverage, and finally, our collective efforts resulted in record adjusted earnings per share of \$20.09.

OK, now let's turn to our Q4 results. In the quarter, total assets increased to a record \$2.4T, driven by organic growth and higher equity markets. We attracted organic net new assets of \$23B, representing a 4% annualized growth rate. Our fourth quarter business results led to strong financial performance with record adjusted EPS of \$5.23, an increase of 23% from a year ago. Next, let's turn to our strategic plan and progress across our organic and inorganic initiatives.

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Our vision is clear: we aspire to be the best firm in wealth management. To do that, we are focused on three key priorities: One, maintaining the client-centricity the firm was built on; Two, empowering our employees to deliver exceptionally for our advisors and their clients; And three, delivering improved operating leverage. Effectively executing on these focus areas will help us sustain our industry leading growth, while advancing the efficiency and effectiveness of our model.

With that as context, let's review a few highlights of our business growth. In Q4, Recruited Assets were \$14B, bringing our total for the year to \$104B. Throughout the quarter, our pipelines continued to build and are near record levels. Recognizing that many opportunities are in the early and mid-stages, we expect the pull-through to improve over the course of the year, as we reignite our industry-leading growth engine.

In our traditional markets, we added approximately \$13B in assets during Q4, as we maintained our industry-leading capture rates of advisors in motion. With respect to our expanded affiliation models, Strategic Wealth, Independent Employee, and our enhanced RIA offering, we delivered another solid quarter, recruiting roughly \$1B in assets.

Turning to overall asset retention, it was 97% for Q4 and over the last twelve months. This is a testament to our continued efforts to enhance the advisor experience through the delivery of new capabilities and technology and the evolution of our service and operations functions.

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As for Commonwealth, we're thrilled to be working closely with our new colleagues to develop the target operating model and positioning for the Commonwealth value proposition within our suite of offerings. The work is well underway, and we remain on track to onboard the Commonwealth advisors in Q4.

In parallel, in partnership with our Commonwealth colleagues, we remain focused on helping their advisors understand the benefits of staying with Commonwealth, ensuring each advisor has everything needed to complete their diligence and make an informed decision. We continue to expect roughly 90% retention of client assets. As we get closer to the onboarding later this year, our estimate will continue to firm up.

In closing, the fourth quarter was a capstone on an outstanding year. This is a result of the dedication of our team, and their unwavering commitment to our advisors. So, I want to thank everyone at LPL for their efforts.

As we look ahead, we remain well positioned to serve as a critical partner to our advisors and institutions, to continue delivering industry-leading organic growth, and to maximize long-term value for shareholders. With that, I'll turn the call over to Matt.

Matt Audette, President and CFO

Thanks, Rich. I'm glad to speak with everyone on today's call.

As we reflect on 2025, it's been a year of meaningful progress for LPL as we continued to execute against some of our key strategic priorities, which include advancing our efforts to drive improved operating leverage through a combination of increased efficiency in our business and refinements to pricing to ensure it is aligned with the value we deliver, and driving further improvements to the advisor experience, by removing friction through investments in automation across our service, operations, and supervision. As we look ahead, we're encouraged by the opportunities in front of us to better serve our advisors and continue strengthening our industry-leading value proposition.

Now turning to a few highlights from our Q4 business results. Total advisory and brokerage assets were \$2.4T, up 2% from Q3, as continued organic growth was complemented by higher equity markets. Total organic net new assets were \$23B, an approximately 4% annualized growth rate. For the full year, total organic net new assets were \$147B, or an approximately 8% growth rate.

As for our Q4 financial results, the combination of organic growth and expense discipline, led to adjusted pre-tax margin of approximately 36% and record adjusted EPS of \$5.23.

Gross Profit was \$1,542M, up \$62M sequentially. As for the key drivers, commission and advisory fees net of payout were \$453M, up \$27M from Q3.

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Our payout rate was 88%, up 53 basis points from Q3 due to the seasonal build in the production bonus.

With respect to client cash revenue, it was \$456M, up \$14M from Q3, as the sequential growth in balances more than offset the impact of lower short-term interest rates. Overall client cash balances ended the quarter at \$61B, up \$5B sequentially, a strong outcome even when considering the typical Q4 seasonal build.

Within our ICA portfolio, the mix of fixed rate balances ended the quarter at roughly 55%, within our target range of 50% to 75%. Looking more closely at our ICA yield, it was 341 basis points in Q4, down 10 basis points from Q3, driven by the impact of the October and December rate cuts. As we look ahead to Q1, we expect the full quarter impact of the Q4 rate cuts to lower our ICA yield by roughly 10 basis points.

As for service and fee revenue, it was \$181M in Q4, up \$6M from Q3, as a full quarter of Commonwealth was partially offset by lower conference revenue and IRA fees. Looking ahead to Q1, we expect first quarter service and fee revenue to increase by approximately \$25M sequentially. This is driven by two factors. First, a seasonal decline in conference revenue of approximately \$10M. This is more than offset by the impact of the fee changes we announced last quarter, which will provide an ongoing quarterly benefit to service and fee revenue of roughly \$35M, or \$140M annually.

Moving on to Q4 transaction revenue. It was \$75M, up \$8M from Q3, driven by increased trading volumes. As we look ahead to Q1, trading activity levels remain roughly in line with Q4. However, I would note

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there are three fewer trading days in Q1, so we expect transaction revenue to decline by a few million sequentially.

Now, let's turn to our acquisition of Commonwealth. As Rich mentioned, the transaction is progressing well, and we remain on track to onboard in the fourth quarter. As for the financials, accounting for current client assets and cash balances, as well as interest rates, we continue to estimate run-rate EBITDA of approximately \$425M once fully integrated.

Next, let's move on to expenses, starting with Core G&A. It was \$536M in Q4, bringing our full year Core G&A to \$1,852M, below the low end of our outlook range, reflecting the progress we've made driving greater efficiency and lowering our cost to serve. For the full year, prior to the impact of Prudential, Atria, and Commonwealth, 2025 core G&A increased by approximately 4%, our lowest level of growth in several years.

In 2026, we plan to continue to invest in the business to deliver greater efficiencies and drive operating leverage as we scale. Prior to Commonwealth, we expect core G&A growth of 4.5% to 7%, or \$1,775M to \$1,820M. In addition, we'll have the full year impact of expenses related to Commonwealth, which adds roughly \$380M to \$390M. This brings our overall expectation for 2026 core G&A to be in a range of \$2,155M to \$2,210M. To give you a sense of the near-term timing of this spend, as we look ahead to Q1, we expect Core G&A to be in a range of \$540M to \$560M.

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Next, I want to highlight a minor update to our management P&L this quarter, where we separated TA loan amortization from promotional expense. While this is not a new disclosure, we hope the updated placement allows you to more easily analyze our results.

So, looking at TA loan amortization, it was \$133M in Q4, up \$28M sequentially, driven by Commonwealth-related transition assistance as well as our ongoing recruiting. As we look ahead to Q1, we expect TA loan amortization to increase by roughly \$5M, primarily driven by Commonwealth.

Turning to promotional expense, it totaled \$76M in the fourth quarter, down \$21M sequentially, primarily driven by lower conference spend. Looking ahead to Q1, we expect promotional expense to be roughly flat sequentially.

Turning to depreciation and amortization, it was \$105M in Q4, up \$5M sequentially. Looking ahead to Q1, we expect depreciation and amortization to increase by \$5M.

As for interest expense, it was \$106M in Q4, roughly flat sequentially, as increased usage of the revolver was offset by lower short-term interest rates.

Regarding capital management, we ended Q4 with corporate cash of \$470M, down \$99M from Q3. As for our leverage ratio, it was 1.95x at the end of Q4, near the midpoint of our target range.

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Moving on to capital deployment. Our framework remains focused on allocating capital aligned with the returns we generate: investing in organic growth first and foremost, pursuing M&A where appropriate, and returning excess capital to shareholders. In Q4, we continued to deploy capital in-line with our priorities, investing primarily in organic growth and M&A, where we advanced the Commonwealth integration and continued to allocate capital to our Liquidity & Succession solution.

Specific to share repurchases, a reminder that we paused buybacks following the announcement of the Commonwealth acquisition, with a plan to revisit following the onboarding. As we look ahead, we are ahead of schedule, with leverage already at the midpoint of our target range, and the operational work to onboard Commonwealth well underway, there may be an opportunity to refine the timing of resuming share buybacks later this year.

In closing, we delivered another quarter of strong business and financial results. As we look forward, we remain excited about the opportunities we have to continue to drive growth, deliver operating leverage, and create long-term shareholder value.

With that, Operator, please open the call for questions.