P10

May 14, 2021

Dear P10 Stockholders:

We are pleased to report a more than tripling of our adjusted net income in Q1 of 2021 to $12 million, with fee-paying assets under management (FPAUM) exceeding $13 billion at quarter-end.

While Q1 marks our first full quarter with all four solutions verticals (private equity, venture capital, impact, and private credit) fully contributing to P10 financial results, we believe we are in early innings with respect to the earnings power of P10. Specifically, this year we expect to be in the market with more than ten funds across all four of our solutions. If we can achieve our fundraising targets, we expect FPAUM to rise by more than $3 billion in the next twelve months, bringing the total fee-paying AUM to $16b+.

The table below outlines P10's Adjusted Net Income, which is the primary metric that management uses when evaluating the business (in thousands).

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Net income attributable to P10 Holdings	$ 2,215	$ 1,841
Add back (subtract):		
Depreciation & amortization	7,551	2,469
Interest expense, net	5,470	2,639
Income tax (benefit)/expense	661	(1,071)
Non-recurring expenses	798	612
Non-cash stock based compensation	424	143
Adjusted EBITDA	17,119	6,633
Less:		
Cash interest expense, net	(4,624)	(2,727)
Cash income taxes	(407)	-
Adjusted Net Income	$ 12,088	$ 3,906

The table below shows a rollforward of our FPAUM for the first quarter of 2021 (in millions).

Balance, December 31, 2020	$12,706
Add:	
Capital raised (1)	364
Capital deployed (2)	41
Net Asset Value Change (3)	4
Less:	
Scheduled fee base stepdowns	(16)
Expiration of fee period	(9)
Balance, March 31, 2021	$13,090

(1) Represents new commiments from funds that earn fees on a committed capital fee base

(2) In certain vehicles, fees are based on capital deployed, as such increasing FPAUM

(3) Net asset value change consists primarily of the impact of market value appreciation (depreciation) from funds that earn fees on a net asset value basis.

As a reminder to our shareholders, our financial model is unique. Specifically:

- Virtually all of our revenues consist of management and advisory fees, with a duration of those fees at fund launch of seven to fifteen years.

- Our peer-leading management fee rates are stable (and expected to remain stable) at approximately 100bps on FPAUM.

- Our peer-leading adjusted EBITDA margins should approximate 55-60% going forward.

- Our structure promotes peer leading alignment with LPs (virtually 100% of the carried interest from our funds goes directly to the P10 investment teams, incentivizing optimal investment performance) and with P10 shareholders (of the approximately 157 million fully diluted shares outstanding assuming full conversion of our convertible preferred, approximately 115 million, or 73% are owned by insiders who have not sold a single share since inception).

- With our unique tax asset and limited capital spending requirements, our profit conversion from Adjusted EBITDA to Adjusted Net Income is efficient, with the only material deduction stemming from cash interest expense, which today sits at approximately $4.5 million per quarter.

- Because of our free cash flow generation and limited capital reinvestment needs, we have flexibility to pay down debt (thereby lowering our interest drag and bolstering Adjusted Net Income) and/or add additional solutions verticals. Our M&A pipeline remains full.

We are blessed to sit at a "win-win" intersection of finance. With our diversified solutions offering across four differentiated verticals and multi-decade investment track records in each, we believe we are able to offer unique solutions to clients in search of superior risk-adjusted returns. As we perform for our clients, our funds generate additional AUM which benefits our P10 shareholders (of which insiders represent the vast majority), and generates the potential for additional carried interest for P10 employees. And so the virtuous cycle continues.

Finally, we continue to explore opportunities to uplist onto a national exchange. With our reported Q1 financials alongside those we expect to report going forward, we believe direct comparisons to our solutions peer group are warranted and would benefit all P10 stakeholders. Given heavy insider ownership, we are firmly focused on long term value creation.

Sincerely,

Robert Alpert and C. Clark Webb
Co-Chief Executive Officers

Note the financial data contained in this shareholder letter includes non-GAAP financial measures, which are the Company's adjusted EBITDA, adjusted net income and fee-paying assets under management. The Company believes the presentation of these non-GAAP measures provide useful additional information to investors because it provides better comparability of ongoing operating performance to prior periods. It is reasonable to expect that one or more excluded items will occur in future periods, but the amounts recognized can vary significantly from period to period. Because this measure is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, it may not be comparable as presented to other similarly titled measures of other companies. Adjusted EBITDA and adjusted net income should not be considered substitutes for net income or cash flows from operating, investing, or financing activities. Fee paying assets under management reflects the assets from which we earn management and advisory fees. Our vehicles typically earn management and advisory fees based on committed capital, and in certain cases, net invested capital, depending on the fee terms. Management and advisory fees based on committed capital are not affected by market appreciation or depreciation.

Special Note Regarding Forward-Looking Statements

This stockholder letter contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements about historical or current facts, including, without limitation, statements about our business strategy, plans, and objectives of management and our future prospects, are forward-looking statements.

You can identify forward-looking statements by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "seek," "continue," and other similar words. You should read statements that contain these words carefully because they discuss our future expectations, make projections of our future results of operations or financial condition, or state other "forward-looking" information.

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about our business that could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements.

We have no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or risks, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. New information, future events or risks could cause the forward-looking events we discuss in this report not to occur. You should not place undue reliance on these forward-looking statements, which reflect our expectations only as of the date of this report. Unless otherwise indicated or the context requires otherwise, the words "we," "us," "our," the "Company" and "P10" refer to P10 Holdings, Inc. (formerly Active Power, Inc.) and its wholly owned subsidiaries. References in this report to "$" or "dollars" are to United States of America currency.