UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________________ to ____________________

Commission File Number: 001-40937

P10, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**87-2908160** **(I.R.S. Employer Identification No.)**
4514 Cole Ave, Suite 1600 **Dallas, TX** **(Address of principal executive offices)**	**75205** **(Zip Code)**

Registrant's telephone number, including area code: (214) 865-7998

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.001 par value per share	PX	NYSE
Series A Junior Participating Preferred Stock Purchase Rights		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of August 7, 2023, there were 43,834,735 shares of the registrant's Class A common stock and 72,370,464 shares of the Registrant's Class B common stock outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

P10, Inc.
Consolidated Balance Sheets
(in thousands, except share amounts)

	As of June 30, 2023 (unaudited)	As of December 31, 2022
ASSETS		
Cash and cash equivalents	$ 23,361	$ 20,021
Restricted cash	1,500	9,471
Accounts receivable	19,299	16,551
Note receivable	4,440	4,231
Due from related parties	44,877	36,538
Investment in unconsolidated subsidiaries	2,386	2,321
Prepaid expenses and other assets	5,001	5,089
Property and equipment, net	3,402	2,878
Right-of-use assets	17,888	15,923
Contingent payments to customers	12,907	13,629
Deferred tax assets, net	40,790	41,275
Intangibles, net	137,852	151,795
Goodwill	506,038	506,638
Total assets	$ 819,741	$ 826,360
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable	$ 2,744	$ 2,578
Accrued expenses	9,607	8,052
Accrued compensation and benefits	35,278	18,900
Due to related parties	587	2,157
Other liabilities	764	8,715
Contingent consideration	16,219	17,337
Accrued contingent liabilities	14,305	14,305
Deferred revenues	12,207	12,651
Lease liabilities	21,219	18,558
Debt obligations	271,735	289,224
Total liabilities	384,665	392,477
STOCKHOLDERS' EQUITY:		
Class A common stock, $0.001 par value; 510,000,000 shares authorized; 44,761,247 issued and 43,823,473 outstanding as of June 30, 2023, and 43,303,040 issued and 42,365,266 outstanding as of December 31, 2022, respectively	44	42
Class B common stock, $0.001 par value; 180,000,000 shares authorized; 72,505,177 shares issued and 72,381,726 shares outstanding as of June 30, 2023, and 73,131,826 shares issued and 73,008,374 shares outstanding as of December 31, 2022, respectively	72	73
Treasury stock	(9,926)	(9,926)
Additional paid-in-capital	627,420	628,828
Accumulated deficit	(223,511)	(225,879)
Noncontrolling interest	40,977	40,745
Total stockholders' equity	435,076	433,883
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 819,741	$ 826,360

The Notes to Consolidated Financial Statements are an integral part of these statements.

P10, Inc.
Consolidated Statements of Operations
(Unaudited, in thousands except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
REVENUES				
Management and advisory fees	$ 61,657	$ 46,451	$ 118,244	$ 89,478
Other revenue	815	287	1,481	541
Total revenues	62,472	46,738	119,725	90,019
OPERATING EXPENSES				
Compensation and benefits	36,311	17,815	71,953	36,309
Professional fees	2,992	2,740	6,834	5,352
General, administrative and other	5,037	4,250	9,894	8,362
Contingent consideration expense	80	(140)	470	(13)
Amortization of intangibles	7,326	6,153	14,574	12,334
Strategic alliance expense	402	153	805	305
Total operating expenses	52,148	30,971	104,530	62,649
INCOME FROM OPERATIONS	10,324	15,767	15,195	27,370
OTHER (EXPENSE)/INCOME				
Interest expense, net	(5,426)	(1,525)	(10,598)	(2,910)
Other (expense)/income	(832)	791	(719)	1,120
Total other (expense)	(6,258)	(734)	(11,317)	(1,790)
Net income before income taxes	4,066	15,033	3,878	25,580
Income tax expense	(1,964)	(3,879)	(1,007)	(6,634)
NET INCOME	$ 2,102	$ 11,154	$ 2,871	18,946
Less: net income attributable to noncontrolling interest in P10 Intermediate	$ (339)	$ -	(503)	-
NET INCOME ATTRIBUTABLE TO P10	$ 1,763	$ 11,154	$ 2,368	$ 18,946
Earnings per share				
Basic earnings per share	$ 0.02	$ 0.10	$ 0.02	$ 0.16
Diluted earnings per share	$ 0.02	$ 0.09	$ 0.02	$ 0.16
Dividends paid per share	$ 0.03	$ 0.03	$ 0.06	$ 0.03
Weighted average shares outstanding, basic	116,168	117,193	116,063	117,193
Weighted average shares outstanding, diluted	123,874	120,981	123,918	121,259

The Notes to Consolidated Financial Statements are an integral part of these statements.

P10, Inc.

Consolidated Statements of Changes in Stockholders' Equity

(Unaudited, in thousands)

	Common Stock - Class A		Common Stock - Class B		Treasury stock		Additional Paid-in-capital	Accumulated Deficit	Non Controlling Interest	Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	34,464	$ 34	82,727	$ 83	123	$ (273)	$ 650,405	$ (255,085)	$ —	395,164
Stock-based compensation	—	—	—	—	—	—	1,515	—	—	1,515
Deferred offering costs	—	—	—	—	—	—	(70)	—	—	(70)
Net income attributable to P10	—	—	—	—	—	—	—	7,792	—	7,792
Exchange of Class B common stock for Class A common stock	1,222	1	(1,220)	(1)	—	—	—	—	—	—
Settlement of stock options	—	—	—	—	—	—	(12,466)	—	—	(12,466)
Balance at March 31, 2022	35,686	$ 35	81,507	$ 82	123	$ (273)	$ 639,384	$ (247,293)	$ —	$ 391,935
Stock-based compensation	—	—	—	—	—	—	2,717	—	—	2,717
Net income attributable to P10	—	—	—	—	—	—	—	11,154	—	11,154
Exchange of Class B common stock for Class A common stock	1,622	2	(1,622)	(2)	—	—	—	—	—	—
Dividends declared	—	—	—	—	—	—	(1)	—	—	(1)
Dividends paid	—	—	—	—	—	—	(3,515)	—	—	(3,515)
Balance at June 30, 2022	37,308	$ 37	79,885	$ 80	123	$ (273)	$ 638,585	$ (236,139)	$ —	$ 402,290

	Common Stock - Class A		Common Stock - Class B		Treasury stock		Additional Paid-in-capital	Accumulated Deficit	Non Controlling Interest	Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	42,365	42	73,008	73	1,061	(9,926)	628,828	(225,879)	40,745	433,883
Stock-based compensation	—	—	—	—	—	—	3,252	—	—	3,252
Net income attributable to P10 and net income attributable to non controlling interest	—	—	—	—	—	—	—	605	164	769
Exchange of Class B common stock for Class A common stock	76	—	(76)	—	—	—	—	—	—	—
Exercise of stock options (net of tax)	294	—	—	—	—	—	—	—	—	—
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(122)	(122)
Issuance of restricted stock units	354	1	—	—	—	—	—	—	—	1
Repurchase of common stock for employee tax witholding	—	—	—	—	—	—	(3,038)	—	—	(3,038)
Stock repurchase	—	—	(100)	—	—	—	(851)	—	—	(851)
Accrual for excise tax associated with stock repurchases	—	—	—	—	—	—	(7)	—	—	(7)
Dividends declared	—	—	—	—	—	—	(1)	—	—	(1)
Dividends paid	—	—	—	—	—	—	(3,477)	—	—	(3,477)
Balance at March 31, 2023	43,089	43	72,832	73	1,061	(9,926)	624,706	(225,274)	40,787	430,409
Stock-based compensation	—	—	—	—	—	—	4,162	—	—	4,162
Net income attributable to P10 and net income attributable to non controlling interest	—	—	—	—	—	—	—	1,763	339	2,102
Exchange of Class B common stock for Class A common stock	451	1	(451)	(1)	—	—	—	—	—	—
Exercise of stock options (net of tax)	54	—	—	—	—	—	—	—	—	—
Distributions to non-controlling interests	—	—	—	—	—	—	—	—	(149)	(149)
Issuance of restricted stock units	230	—	—	—	—	—	4,285	—	—	4,285
Repurchase of common stock for employee tax witholding	—	—	—	—	—	—	(1,958)	—	—	(1,958)
Dividends declared	—	—	—	—	—	—	(1)	—	—	(1)
Dividends paid	—						(3,774)			(3,774)
Balance at June 30, 2023	43,824	44	72,381	72	1,061	(9,926)	627,420	(223,511)	40,977	435,076

The Notes to Consolidated Financial Statements are an integral part of these statements.

P10, Inc.
Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	For the Six Months Ended June 30,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 2,871	$ 18,946
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	15,171	4,232
Depreciation expense	329	205
Amortization of intangibles	14,574	12,334
Amortization of debt issuance costs and debt discount	723	425
Income from unconsolidated subsidiaries	(531)	(1,110)
Deferred tax expense	485	5,775
Amortization of contingent payment to customers	722	—
Remeasurement of contingent consideration	470	(13)
Post close purchase price adjustment	—	11
Change in operating assets and liabilities:		
Accounts receivable	(2,748)	(3,816)
Due from related parties	(8,339)	(11,259)
Prepaid expenses and other assets	88	1,025
Right-of-use assets	1,510	2,088
Accounts payable	166	789
Accrued expenses	1,588	(1,102)
Accrued compensation and benefits	12,907	(894)
Due to related parties	(1,570)	(1,458)
Other liabilities	(7,951)	(825)
Deferred revenues	(444)	(430)
Lease liabilities	(814)	(1,752)
Net cash provided by operating activities	29,207	23,171
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Purchase of intangible assets	(22)	—
Draw on note receivable	(211)	(266)
Proceeds from note receivable	2	7
Proceeds from investments in unconsolidated subsidiaries	466	660
Software capitalization	(9)	(87)
Purchases of property and equipment	(853)	(634)
Net cash (used in) investing activities	(627)	(320)
CASH FLOWS (USED IN) FINANCING ACTIVITIES		
Borrowings on debt obligations	22,000	—
Repayments on debt obligations	(40,213)	(25,000)
Repurchase of Class A common stock for employee tax withholding	(4,996)	—
Repurchase of Class B common stock	(851)	—
Payment of contingent consideration	(1,588)	—
Cash settlement of stock options	—	(12,466)
Dividends paid	(7,251)	(3,515)
Distributions to partners	(312)	—
Debt issuance costs	—	(8)
Net cash (used in) financing activities	(33,211)	(40,989)
Net change in cash, cash equivalents and restricted cash	(4,631)	(18,138)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	29,492	43,482
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	$ 24,861	$ 25,344

The Notes to Consolidated Financial Statements are an integral part of these statements.

P10, Inc.

Consolidated Statements of Cash Flows

(Unaudited, in thousands)

	For the Six Months Ended June 30,	
	2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 10,003	$ 2,290
Net cash paid for income taxes	$ 1,088	$ 428
NON-CASH OPERATING, INVESTING AND FINANCING ACTIVITIES		
Additions to right-of-use assets	$ 3,475	$ 890
Additions to lease liabilities	3,475	1,839
Additions to property and equipment	853	949
Additions to accrued compensation and benefits	18,230	—
Additions to contingent consideration	470	—
Dividends declared	1	1
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	$ 23,361	$ 23,613
Restricted cash	1,500	1,731
Total cash, cash equivalents and restricted cash	$ 24,861	$ 25,344

The Notes to Consolidated Financial Statements are an integral part of these statements.

Note 1. Description of Business

Description of Business

On October 20, 2021, P10 Holdings, Inc. ("P10 Holdings"), in connection with its Initial Public Offering ("IPO"), completed a reorganization and restructure. In connection with the reorganization, P10, Inc. ("P10") became the parent company and all of the existing equity of P10 Holdings, and its consolidated subsidiaries were converted into common stock of P10. The offering and reorganization included a reverse stock split of P10 Holdings common stock on a 0.7-for-1 basis pursuant to which every outstanding share of common stock decreased to 0.7 shares.

Following the reorganization and IPO, P10 has two classes of common stock, Class A common stock and Class B common stock. Each share of Class B common stock is entitled to ten votes while each share of Class A common stock is entitled to one vote.

P10, Inc. and its consolidated subsidiaries (the “Company”) operate as a multi-asset class private market solutions provider in the alternative asset management industry. Our mission is to provide our investors differentiated access to a broad set of solutions and investment vehicles across a multitude of asset classes and geographies. Our existing portfolio of solutions across private equity, venture capital, private credit and impact investing support our mission by offering a comprehensive set of investment vehicles to our investors, including primary fund of funds, secondary investment, direct investment and co-investments, alongside separate accounts (collectively, the “Funds”).

The direct and indirect subsidiaries of the Company include P10 Holdings, P10 Intermediate Holdings, LLC (“P10 Intermediate”), which owns the subsidiaries P10 RCP Holdco, LLC (“Holdco”), Five Points Capital, Inc. (“Five Points”), TrueBridge Capital Partners, LLC (“TrueBridge”), Enhanced Capital Group, LLC (“ECG”), Bonaccord Capital Advisors, LLC ("Bonaccord"), Hark Capital Advisors, LLC ("Hark"), P10 Advisors, LLC ("P10 Advisors"), and Western Technology Investment Advisors LLC ("WTI").

Prior to November 19, 2016, P10, formerly Active Power, Inc., designed, manufactured, sold, and serviced flywheel-based uninterruptible power supply products and serviced modular infrastructure solutions. On November 19, 2016, we completed the sale of substantially all our assets and liabilities and operations to Langley Holdings plc, a United Kingdom public limited company. Following the sale, we changed our name from Active Power, Inc. to P10 Industries, Inc. and became a non-operating company focused on monetizing our retained intellectual property and acquiring profitable businesses. For the period from December 2016 through September 2017, our business primarily consisted of cash, certain retained intellectual property assets and our net operating losses (“NOLs”) and other tax benefits. On March 22, 2017, we filed for reorganization under Chapter 11 of the Federal Bankruptcy Code, using a prepackaged plan of reorganization. The Company emerged from bankruptcy on May 3, 2017. On December 1, 2017, the Company changed its name from P10 Industries, Inc. to P10 Holdings, Inc. We were founded as a Texas corporation in 1992 and reincorporated in Delaware in 2000. Our headquarters is in Dallas, Texas.

On October 5, 2017, we closed on the acquisition of RCP Advisors 2, LLC ("RCP 2") and entered into a purchase agreement to acquire RCP Advisors 3, LLC ("RCP 3") in January 2018. On January 3, 2018, we closed on the acquisition of RCP 3. RCP 2 and RCP 3 are registered investment advisors with the United States Securities and Exchange Commission.

On April 1, 2020, the Company completed the acquisition of Five Points. Five Points is a leading lower middle market alternative investment manager focused on providing both equity and debt capital to private, growth-oriented companies and limited partner capital to other private equity funds, with all strategies focused exclusively in the U.S. lower middle market.   Five Points is a registered investment advisor with the United States Securities and Exchange Commission.

On October 2, 2020, the Company completed the acquisition of TrueBridge. TrueBridge is an investment firm focused on investing in venture capital through fund-of-funds, co-investments, and separate accounts. TrueBridge is a registered investment advisor with the United States Securities and Exchange Commission.

On December 14, 2020, the Company completed the acquisition of 100% of the equity interest in ECG, and a noncontrolling interest in Enhanced Capital Partners, LLC (“ECP”, and collectively with ECG, “Enhanced”). Enhanced undertakes and manages equity and debt investments in impact initiatives across North America, targeting underserved areas and other socially responsible end markets including renewable energy, historic building renovations, and affordable housing. ECP is a registered investment advisor with the United States Securities and Exchange Commission.

On September 30, 2021, the Company completed acquisitions of Bonaccord and Hark. Bonaccord is an alternative asset manager focusing on acquiring minority equity interests in alternative asset management companies focused on private market strategies which may include private equity, private credit, real estate, and real asset strategies. Hark is engaged in the business of making loans to portfolio companies that are owned or controlled by financial sponsors, such as private equity funds or venture capital funds, and which do not meet traditional direct lending underwriting criteria but where the repayment of the loan by the portfolio company is guaranteed by its financial sponsor.

In June 2022, the Company formed P10 Advisors, a fully consolidated subsidiary, to manage investment opportunities that are sourced across the P10 platform but do not fit within an existing investment mandate.

On October 13, 2022, the Company completed the acquisition of all of the issued and outstanding membership interests of WTI. WTI provides senior secured financing to early-stage and emerging stage life sciences and technology companies. WTI is a registered investment advisor with the United States Securities and Exchange Commission.

Simultaneously with the acquisition of WTI, the Company completed a restructuring of P10 Intermediate and subsidiaries to LLC entities that are considered disregarded entities for federal income tax purposes. This allowed the WTI sellers to obtain a partnership interest in P10 Intermediate and all of its subsidiaries. As a result of the acquisition, the WTI sellers obtained 3,916,666 membership units of P10 Intermediate, which can be exchanged into 3,916,666 shares of P10 Class A common stock, following applicable restrictive periods.

The results of WTI's operations have been included in the consolidated financial statements effective October 13, 2022. The Company reports noncontrolling interest related to the partnership interests which are owned by the WTI sellers. This is recorded as noncontrolling interest on the Consolidated Balance Sheets. Noncontrolling interest is allocated a share of income or loss in the respective consolidated subsidiaries in proportion to their relative ownership interest. Additionally, the Company makes periodic distributions to the WTI sellers for tax related and other agreed upon expenses in accordance with the terms of the P10 Intermediate operating agreement.

Note 2. Significant Accounting Policies

Basis of Presentation

The accompanying Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Management believes it has made all necessary adjustments so that the Consolidated Financial Statements are presented fairly and that estimates made in preparing the Consolidated Financial Statements are reasonable and prudent. The Consolidated Financial Statements include the accounts of the Company, its wholly owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany transactions and balances have been eliminated upon consolidation. The results for the three and six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the full year ended December 31, 2023.

Certain entities in which the Company holds an interest are investment companies that follow FASB Accounting Standards Codification Topic 946, *Financial Services - Investment Companies* and reflect their investments at estimated fair value. Accordingly, the carrying value of the Company's equity method investments in such entities retains that accounting treatment.

Principles of Consolidation

The Company performs the variable interest analysis for all entities in which it has a potential variable interest. If the Company has a variable interest in the entity and the entity is a variable interest entity ("VIE"), we will also analyze whether the Company is the primary beneficiary of this entity and if consolidation is required.

Generally, VIEs are entities that lack sufficient equity to finance their activities without additional financial support from other parties, or whose equity holders, as a group, lack one or more of the following characteristics: (a) direct or indirect ability to make decisions, (b) obligation to absorb expected losses or (c) right to receive expected residual returns. A VIE must be evaluated quantitatively and qualitatively to determine the primary beneficiary, which is the reporting entity that has (a) the power to direct activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

To determine a VIE's primary beneficiary, we perform a qualitative assessment to determine which party, if any, has the power to direct activities of the VIE and the obligation to absorb losses and/or receive its benefits. This assessment involves identifying the activities that most significantly impact the VIE's economic performance and determining whether we, or another party, has the power to direct those activities. When evaluating whether we are the primary beneficiary of a VIE, we perform a qualitative analysis that considers the design of the VIE, the nature of our involvement and the variable interests held by other parties. See Note 7 for further information.

The Company has determined that certain of its subsidiaries are VIEs, and that the Company is the primary beneficiary of the entities, because it has the power to direct activities of the entities that most significantly impact the VIE's economic performance and has a controlling financial interest in each entity. Accordingly, the Company consolidates these entities, which includes P10 Intermediate, Holdco, RCP 2, RCP 3, TrueBridge, Bonaccord, Hark, and WTI. The assets and liabilities of the consolidated VIEs are presented on a gross basis in the Consolidated Balance Sheets. See Note 7 for more information on both consolidated and unconsolidated VIEs.

Entities that do not qualify as VIEs are assessed for consolidation under the voting interest model. Under the voting interest model, the Company consolidates those entities it controls through a majority voting interest or other means. P10 Holdings, Five Points, P10 Advisors, and ECG are concluded to be consolidated subsidiaries of P10 under the voting interest model.

Reclassifications

Certain reclassifications have been made within the Consolidated Financial Statements to conform prior periods with current period presentation.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. As of June 30, 2023, and December 31, 2022, cash equivalents include money market funds of $5.8 million and $7.8 million, respectively, which approximates fair value. The Company maintains its cash balances at various financial institutions among multiple accounts, which may periodically exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits. The Company's credit risk in the event of failure of these financial institutions is represented by the difference between the FDIC limit and the total amounts on deposit. Management monitors the financial institutions credit worthiness in conjunction with balances on deposit to minimize risk. The Company from time to time may have amounts on deposit in excess of the insured limits.

Restricted Cash

Restricted cash as of June 30, 2023 and December 31, 2022 was primarily cash that is restricted due to certain deposits being held for customers.

Accounts Receivable and Due from Related Parties

Accounts receivable is equal to contractual amounts reduced for allowances, if applicable. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established as of June 30, 2023 and December 31, 2022. If accounts are subsequently determined to be uncollectible, they will be expensed in the period that determination is made. Management fees are collected on a quarterly basis. Certain subsidiaries management fee contracts are collected at the beginning of the quarter, while others are collected in arrears. The management fees reflected in accounts receivable at period end are those that are collected in arrears.

Due from related parties represents receivables from the Funds for reimbursable expenses. Additionally, fees owed to the Company for the advisory agreement entered into upon the closing of the acquisitions of ECG and ECP ("Advisory Agreement") where ECG provides advisory services to Enhanced Permanent Capital, LLC ("Enhanced PC") are reflected in due from related parties on the Consolidated Balance Sheets. These amounts are expected to be fully collectible.

Note Receivable

Note receivable is mostly related to contractual amounts owed from a signed, secured promissory note with BCP Partners Holdings, LP ("BCP"). In addition to contractual amounts, borrowers are obligated to pay interest on outstanding amounts. The Company considers the note receivable to be fully collectible; no allowance for doubtful accounts has been established as of June 30, 2023 and December 31, 2022. If accounts are subsequently determined to be uncollectible, they will be expensed in the period that determination is made.

Investment in Unconsolidated Subsidiaries

For equity investments in entities that we do not control, but over which we exercise significant influence, we use the equity method of accounting. The equity method investments are initially recorded at cost, and their carrying amount is adjusted for the Company’s share in the earnings or losses of each investee, and for distributions received. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable.

For certain entities in which the Company does not have significant influence and fair value is not readily determinable, we value these investments under the measurement alternative. Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 825, *Financial Instruments*, requires equity securities to be recorded at cost and adjusted to fair value at each reporting period. However, the guidance allows for a measurement alternative, which is to record the investments at cost, less impairment, if any, and subsequently adjust for observable price changes of identical or similar investments of the same issuer.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the terms of the respective leases or service lives of the improvements, whichever is shorter, using the straight-line method. Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The estimated useful lives of the various assets are as follows:

Computers and purchased software	3 - 5 years
Furniture and fixtures	7 - 10 years

Long-lived Assets

Long-lived assets including property and equipment, lease right-of-use assets, and definite lived intangibles are evaluated for impairment under FASB ASC 360, *Property, Plant, and Equipment*. Long-lived assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of long-lived assets are determined to not be recoverable if the undiscounted estimated future net operating cash flows directly related to the asset or asset group, including any disposal value, is less than the carrying amount of the asset. If the carrying value of an asset is determined to not be recoverable, the impairment loss is measured as the amount by which the carrying value of the asset exceeds its fair value on the measurement date. Fair value is based on the best information available, including prices for similar assets and estimated discounted cash flows.

Leases

The Company recognizes a lease liability and right-of-use asset in our Consolidated Balance Sheets for contracts that it determines are leases or contain a lease. The Company's leases primarily consist of operating leases for various office spaces. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the leases. The Company's right-of-use assets and lease liabilities are recognized at lease commencement based on the present value of lease payments over the lease term. Lease right-of-use assets include initial direct costs incurred by the Company and are presented net of deferred rent, lease incentives and certain other existing lease liabilities. Absent an implicit interest rate in the lease, the Company uses its incremental borrowing rate, adjusted for the effects of collateralization, based on the information available at commencement in determining the present value of lease payments. The Company's lease terms may include options to extend or terminate the lease, and the Company would account for this when it is reasonably certain that the Company will exercise those options. Lease expense is recognized on a straight-line basis over the lease term. Additionally, upon amendments or other events, the Company may be required to remeasure our lease liability and right-of-use asset.

The Company does not recognize a lease liability or right-of-use asset on our Consolidated Balance Sheets for short-term leases. Instead, the Company recognizes short-term lease payments as an expense on a straight-line basis over the lease term. A short-term lease is defined as a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. When determining whether a lease qualifies as a short-term lease, the Company evaluates the lease term and the purchase option in the same manner as all other leases.

Revenue Share and Repurchase Arrangement

The Company recognizes an accrued contingent liability and contingent payments to customers asset in our Consolidated Balance Sheets for an agreement between ECG and a third party. The agreement requires ECG to share in certain revenues earned with the third party and also includes an option for the third party to sell back the revenue share to ECG at a set multiple. Additionally, ECG holds the option to buy back 50% of the revenue share at a set multiple. The options to repurchase the revenue share are not exercisable until July of 2025. The Company believes it is probable that the third party will exercise its option to sell back the revenue share and has recognized a liability on the Consolidated Balance Sheets. The Company has also recognized a contingent payment to customers associated with the agreement and will amortize the asset against revenue over the contractual term of the management contract. The amortization is reported in management and advisory fees on the Consolidated Statements of Operations. The Company will reassess at each reporting period. Refer to Note 14 for further information.

Goodwill and Intangible Assets

Goodwill is initially measured as the excess of the cost of the acquired business over the sum of the amounts assigned to identifiable assets acquired, less the liabilities assumed. As of June 30, 2023, goodwill recorded on our Consolidated Balance Sheets relates to the acquisitions of RCP 2, RCP 3, Five Points, TrueBridge, Enhanced, Bonaccord, Hark, and WTI. As of June 30, 2023, the intangible assets are comprised of indefinite-lived intangible assets and finite-lived intangible assets related to the acquisitions of RCP 2, RCP 3, Five Points, TrueBridge, Enhanced, Bonaccord, Hark, and WTI.

Indefinite-lived intangible assets and goodwill are not amortized. Finite-lived technology is amortized using the straight-line method over its estimated useful life of 4 years. Finite-lived management and advisory contracts, which relate to acquired separate accounts and funds and investor/customer relationships with a specified termination date, are amortized in line with contractual revenue to be received, which range between 7 and 16 years. Certain of our trade names are considered to have finite-lives. Finite-lived trade names are amortized over 10 years in line with the pattern in which the economic benefits are expected to occur.

Goodwill is reviewed for impairment at least annually as of September 30 utilizing a qualitative or quantitative approach and more frequently if circumstances indicate impairment may have occurred. The impairment testing for goodwill under the qualitative approach is based first on a qualitative assessment to determine if it is more likely than not that the fair value of the Company's reporting unit is less than the respective carrying value. The reporting unit is the reporting level for testing the impairment of goodwill. If it is determined that it is more likely than not that a reporting unit's fair value is less than its carrying value, then the Company will determine the fair value of the reporting unit and record an impairment charge for the difference between fair value and carrying value (not to exceed the carrying amount of goodwill).

Contingent Consideration

Contingent consideration is initially measured at fair value on the date of the acquisition. The liabilities are remeasured at fair value on each reporting date, with changes in the fair value reflected in operating expenses on our Consolidated Statements of Operations. As of June 30, 2023, contingent consideration recorded relates to the acquisitions of Hark and Bonaccord on the Consolidated Balance Sheets.

Accrued Compensation and Benefits

Accrued compensation and benefits consists of employee salaries, bonuses, benefits, and acquisition-related earnouts contingent on employment that has not yet been paid. The acquisition-related earnout contingent on employment is a product of the acquisition of WTI. The sellers and eligible employees of WTI are eligible to earn up to $70.0 million contingent upon meeting certain EBITDA related hurdles and continued employment. Upon the achievement of $20.0 million, $22.5 million, and $25.0 million of EBITDA, $35.0 million, $17.5 million, and $17.5 million are earned, respectively. The earnout period is eligible through December 31, 2027 with the potential to extend an additional two years. Refer to Note 14 for further information.

Debt Issuance Costs

Costs incurred which are directly related to the issuance of debt are deferred and amortized using the effective interest method and are presented as a reduction to the carrying value of the associated debt on our Consolidated Balance Sheets. As these costs are amortized, they are included in interest expense, net within our Consolidated Statements of Operations.

Noncontrolling Interest

Noncontrolling interest ("NCI") reflect the portion of income or loss and the corresponding equity attributable to third-party equity holders and employees in certain consolidated subsidiaries that are not 100% owned by the Company. Noncontrolling interest is presented as a separate component in our Consolidated Statements of Income to clearly distinguish between our interests and the economic interest of third parties in those entities. Net income attributable to P10, as reported in the Consolidated Statements of Income, is presented net of the portion of net income attributable to holders of non-controlling interest. NCI is allocated a share of income or loss in the respective consolidated subsidiaries in proportion to their relative ownership interest.

Treasury Stock

The Company records common stock purchased for treasury at cost. At the date of subsequent reissuance, the treasury stock account is reduced by the cost of such stock using the average cost method.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable parties who are willing and able to transact for an asset or liability at the measurement date. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value and then we rank the estimated values based on the reliability of the inputs used following the fair value hierarchy set forth by the FASB.

As of June 30, 2023 and December 31, 2022, we used the following valuation techniques to measure fair value for assets and there were no changes to these methodologies during the periods presented:

Level 1—Assets were valued using the closing price reported in the active market in which the individual security was traded.

Level 2—Assets were valued using quoted prices in markets that are not active, broker dealer quotations, and other methods by which all significant inputs were observable at the measurement date.

Level 3—Assets were valued using unobservable inputs in which little or no market data exists as reported by the respective institutions at the measurement date.

The carrying values of financial instruments comprising cash and cash equivalents, prepaid assets, accounts payable, accounts receivable and due from related parties approximate fair values due to the short-term maturities of these instruments. The fair value of the credit facilities approximate carrying value based on the interest rates which approximate current market rates. The Company has a contingent consideration liability related to the acquisitions of Hark and Bonaccord that is measured at fair value and is remeasured on a recurring basis. See Note 11 for additional information.

Revenue Recognition

Revenue is recognized when, or as, the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. While the determination of who the customer is in a contractual arrangement will be made on a contract-by-contract basis, the customer will generally be the investment fund for the Company's significant management and advisory contracts.

Management and Advisory Fees

The Company earns management fees for asset management services provided to the Funds where the Company has discretion over investment decisions. The Company primarily earns fees for advisory services provided to clients where the Company does not have discretion over investment decisions. Management and advisory fees received in advance reflects the amount of fees that have been received prior to the period the fees are earned. These fees are recorded as deferred revenues on the Consolidated Balance Sheets.

For asset management and advisory services, the Company typically satisfies its performance obligations over time as the services are rendered, since the customers simultaneously receive and consume the benefits provided as the Company performs the service. The transaction price is the amount of consideration to which the Company expects to be entitled based on the terms of the arrangement. For certain funds, management fees are initially calculated based on committed capital during the investment period and on net invested capital through the remainder of the fund's term. Additionally, the management fee may step down for certain funds depending on the contractual arrangement. Certain management fees are also calculated on capital deployed. Advisory services are generally based upon fixed amounts and billed quarterly. Other advisory services include transaction and management fees associated with managing the origination and ongoing compliance of certain investments.

Other Revenue

Other revenue on our Consolidated Statements of Operations primarily consists of subscriptions, consulting agreements, interest income, and referral fees. The subscription and consulting agreements typically have renewable one-year lives, and revenue is recognized ratably over the current term of the subscription or the agreement. If subscriptions or fees have been paid in advance, these fees are recorded as deferred revenues on our Consolidated Balance Sheets. Referral fee revenue is recognized upon closing of certain opportunities.

Income Taxes

Current income tax expense represents our estimated taxes to be paid or refunded for the current period. In accordance with ASC 740, *Income Taxes*, we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount we believe is more likely than not to be realized.

Uncertain tax positions are recognized only when we believe it is more likely than not that the tax position will be upheld on examination by the taxing authorities based on the merits of the position. We recognize interest and penalties, if any, related to uncertain tax positions in income tax expense.

We file various federal and state and local tax returns based on federal and state local consolidation and stand-alone tax rules as applicable.

Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing net income attributable to common stockholders by the weighted-average number of common shares. Diluted EPS includes the determinants of basic EPS and common stock equivalents outstanding during the period adjusted to give effect to potentially dilutive securities. See Note 17 for additional information.

The denominator in the computation of diluted EPS is impacted by additional common shares that would have been outstanding if dilutive potential shares of common stock had been issued. Potential shares of common stock that may be issued by the Company include shares of common stock that may be issued upon exercise of outstanding stock options as well as the vesting of restricted stock units. Also included in the diluted EPS denominator are the units of P10 Intermediate owned by the sellers of WTI, assuming the option to exchange the units for shares of Class A common stock of the Company is exercised in full. Under the treasury stock method, the unexercised options are assumed to be exercised at the beginning of the period or at issuance, if later. The assumed proceeds are then used to purchase shares of common stock at the average market price during the period.

Stock-Based Compensation Expense

Stock-based compensation relates to grants for shares of P10 awarded to our employees through stock options as well as RSUs awarded to employees and RSAs issued to non-employee directors as compensation for service on the Company's board. Stock compensation expense for RSAs and certain RSUs, where vesting occurs after a service period is recorded ratably over the vesting period at the fair market value on the grant date. Certain acquisition-related RSUs vest after meeting certain performance metrics. For these, the Company uses the tranche method for RSU's deemed probable of vesting. The Company evaluates the probability of vesting at each reporting period. Unvested units are remeasured quarterly against performance metrics as a liability on the Consolidated Balance Sheets and expense is recognized over the expected vesting period. Refer to Note 16 for further discussion. Stock option compensation cost is estimated at the grant date based on the fair-value of the award, which is determined using the Black Scholes option valuation model and is recognized as expense ratably over the requisite service period of the award, generally five years. The share price used in the Black Scholes model is based on the trading price of our shares on the public markets. Expected life is based on the vesting period and expiration date of the option. Stock price volatility is estimated based on a group of similar publicly traded companies determined to be most reflective of the expected volatility of the Company due to the nature of operations of these entities. The risk-free rates are based on the U.S. Treasury yield in effect at the time of grant. The dividend yield is based on a $0.0325 per share quarterly dividend. Forfeitures are recognized as they occur.

Segment Reporting

According to ASC 280, *Disclosures about Segments of an Enterprise and Related Information*, operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker(s) in deciding how to allocate resources and in assessing performance. The Company operates our business as a single operating segment, which is how our chief operating decision makers (our Co-Chief Executive Officers) evaluate financial performance and make decisions regarding the allocation of resources.

Business Acquisitions

In accordance with ASC 805, *Business Combinations* ("ASC 805"), the Company identifies a business to have three key elements; inputs, processes, and outputs. While an integrated set of assets and activities that is a business usually has outputs, outputs are not required to be present. In addition, all the inputs and processes that a seller uses in operating a set of assets and activities are not required if market participants can acquire the set of assets and activities and continue to produce outputs. In addition, the Company also performs a screen test to determine when a set of assets and activities is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the set of assets is not a business. If the set of assets and activities is not considered a business, it is accounted for as an asset acquisition using a cost accumulation model. In the cost accumulation model, the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of relative fair values.

The Company includes the results of operations of acquired businesses beginning on the respective acquisition dates. In accordance with ASC 805, the Company allocates the purchase price of an acquired business to its identifiable assets and liabilities based on the estimated fair values using the acquisition method. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. The excess value of the net identifiable assets and liabilities acquired over the purchase price of an acquired business is recorded as a bargain purchase gain. The Company uses all available information to estimate fair values of identifiable intangible assets and property acquired. In making these determinations, the Company may engage an independent third-party valuation specialist to assist with the valuation of certain intangible assets, notes payable, and tax amortization benefits.

The consideration for certain of our acquisitions may include liability classified contingent consideration, which is determined based on formulas stated in the applicable purchase agreements. The amount to be paid under these arrangements is based on certain financial performance measures subsequent to the acquisitions. The contingent consideration included in the purchase price is measured at fair value on the date of the acquisition. The liabilities are remeasured at fair value on each reporting date, with changes in the fair value reflected in operating expenses on our Consolidated Statements of Operations.

For business acquisitions, the Company recognizes the fair value of goodwill and other acquired intangible assets, and estimated contingent consideration at the acquisition date as part of purchase price. This fair value measurement is based on unobservable (Level 3) inputs.

Dividends

Dividends are reflected in the consolidated financial statements when declared.

Recent Accounting Pronouncements

Pronouncements Recently Adopted

Effective January 1, 2023, the Company adopted ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 provides amendments to ASC 326, *Financial Instruments - Credit Losses*, which replaces the incurred loss impairment model with a current expected credit loss ("CECL") model. CECL requires a company to estimate lifetime expected credit losses based on relevant information about historical events, current conditions and reasonable and supportable forecasts. The guidance must be applied using the modified retrospective adoption method on January 1, 2023, with early adoption permitted. The adoption of ASU 2016-13 did not have a material impact on the Company's Consolidated Financial Statements.

On October 28, 2021, the FASB issued ASU 2021-08, which amends ASC 805 to "require acquiring entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination." Under current GAAP, an acquirer generally recognizes such items at fair value on the acquisition date. The guidance is effective for fiscal years beginning after December 15, 2022. The Company adopted this guidance on January 1, 2023. The guidance had no effect on the Consolidated Financial Statements but will be considered for future acquisitions.

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

Pronouncements Not Yet Adopted

On June 30, 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* ("ASU 2022-03"). The amendments in this update affect all entities that have investments in equity securities measured at fair value that are subject to a contractual sale restriction. The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The guidance is effective for fiscal years beginning after December 15, 2023. We are evaluating the effects of these amendments on our financial reporting.

Note 3. Acquisitions

Acquisition of WTI

On October 13, 2022, the Company completed the acquisition of all of the issued and outstanding membership interests of WTI for a total consideration of $146.0 million and an aggregate of 3,916,666 membership units of P10 Intermediate which can be exchanged on a one-for-one basis into shares of P10 Class A common stock, subject to certain conditions pursuant to the Exchange Agreement entered into on August 25, 2022. The acquisition was accounted for as a business combination under the acquisition method of accounting pursuant to ASC 805.

The following is a summary of consideration paid:

	Fair Value
Cash	$ 105,262
Fair value of equity consideration	40,733
Total purchase consideration	$ 145,995

In connection with the acquisition, the Company incurred a total of $3.2 million of acquisition-related expenses. Total acquisition-related expenses were $0 for the three and six months ended June 30, 2023 and $0.1 million and $0.1 million for the three and six months ended June 30, 2022, respectively.

The acquisition date fair value of certain assets and liabilities, including intangible assets acquired and related weighted average expected lives are provisional and subject to revision within one year of the acquisition date. As such, our estimates of fair values are pending finalization, which may result in adjustments to goodwill.

The following table presents the provisional fair value of the net assets acquired as of the acquisition date:

	Fair Value
ASSETS	
Cash and cash equivalents	$ 8,807
Accounts receivable	12,632
Right-of-use assets	2,904
Prepaid expenses and other assets	378
Property and equipment	138
Intangible assets, net	50,300
Total assets acquired	$ 75,159
LIABILITIES	
Accounts payable and accrued expenses	$ 13,555
Lease liabilities	2,957
Total liabilities assumed	$ 16,512
Net identifiable assets acquired	$ 58,647
Goodwill	87,348
Net assets acquired	$ 145,995

The following table presents the provisional fair value of the identifiable intangible assets acquired:

	Fair Value	Weighted-Average Amortization Period
Value of management and advisory contracts	$ 43,500	9
Value of trade name	6,800	10
Total identifiable intangible assets	$ 50,300	

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

Goodwill

The goodwill recorded as part of the acquisition includes the expected benefits that management believes will result from the acquisition, including the Company's build out of its investment product offering. Approximately $87.3 million of goodwill is expected to be deductible for tax purposes. To the extent there are payments on EBITDA-related earnouts as discussed in Note 14, those amounts would be amortizable for tax purposes at such time.

Identifiable Intangible Assets

The fair value of management and advisory contracts acquired were estimated using the excess earnings method. Significant inputs to the valuation model include existing revenue, estimates of expenses and contributory asset charges, the economic life of the contracts and a discount rate based on a weighted average cost of capital.

The fair value of trade names acquired were estimated using the relief from royalty method. Significant inputs to the valuation model include estimates of existing and future revenue, estimated royalty rate, economic life and a discount rate based on a weighted average cost of capital.

The management and advisory contracts and trade names have a finite useful life. The carrying value of the management fund and advisory contracts and trade names will be amortized in line with the pattern in which the economic benefits arise and are reviewed at least annually for indicators of impairment in value that is other than temporary.

Pro-forma Financial Information

Prior Year Acquisition:

The following unaudited pro forma condensed consolidated results of operations of the Company assumes the acquisition of WTI was completed on January 1, 2022:

	For the Six Months Ended June 30,	
	2023	2022
Revenue	$ 119,725	$ 107,472
Net income attributable to P10	2,368	14,164

Pro-forma adjustments include revenue and net income of the acquired business for each period. Other pro forma adjustments include intangible amortization expense, interest expense based on debt issued in connection with the acquisition, and compensation expense contingent on EBITDA (as noted in Note 14) as if the acquisition were completed on January 1, 2022.

Note 4. Revenue

The following presents revenues disaggregated by product offering:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Management and advisory fees	$ 61,657	$ 46,451	$ 118,244	$ 89,478
Subscriptions	123	166	257	328
Other revenue	692	121	1,224	213
Total revenues	$ 62,472	$ 46,738	$ 119,725	$ 90,019

Note 5. Strategic Alliance Expense

In connection with the Bonaccord acquisition, Bonaccord entered into a Strategic Alliance Agreement ("SAA") with a third-party investor. This SAA provides the third-party the right to receive 15% of the net management fee earnings, which includes the management fees minus applicable expenses, for Fund I and subsequent funds, paid quarterly, in exchange for funding certain amounts of capital commitments to the fund. Net management fee earnings the third-party has the right to receive is based on the total capital committed.

Within 60 days following the final closing of the next fund, Bonaccord Fund II ("Fund II"), the third-party has the opportunity to acquire, at the price at the time of the original acquisition, equity interests in Bonaccord based on the amount of commitment made. For each $5.0 million, up to a maximum of $250.0 million in irrevocable capital commitments to Fund II, the third-party can acquire 10 basis points up to a maximum of 5% equity in Bonaccord. In addition, net management fee earnings would increase by the same percentage, retroactive to the date of the first close in Fund II. The maximum commitment requirement has been met as of June 30, 2023. The Company believes it is probable that the third-party will exercise the option to acquire equity in Bonaccord and has begun to accrue an additional 5% of net management fee earnings. If executed, the purchase price shall be reduced by the amount of management fee distributions which the third-party would have been paid as of the initial closing of Fund II.

Similar terms apply for Fund III with the exception that the third-party can acquire 9.8 basis points for every $5.0 million committed up to 4.9%. This commitment has not yet been met as of June 30, 2023 as Fund III has not yet started raising capital. If commitment conditions to funds subsequent to Funds II and III are not satisfied, then within 60 days of the final closing of such subsequent fund giving rise to the condition not being satisfied, the Company may elect to repurchase the equity granted to the third-party. The repurchase shall be at the fair market value of such equity at that point in time. For the three and six months ended June 30, 2023, the strategic alliance expense reported was $0.4 million and $0.8 million, respectively. For the three and six months ended June 30, 2022, the strategic alliance expense reported was $0.2 million and $0.3 million, respectively. This is reported on the Consolidated Statements of Operations as strategic alliance expense in operating expenses. As of June 30, 2023 and December 31, 2022 the associated liability is $0.3 million and $0.2 million, respectively, which is reported in accrued expenses on the Consolidated Balance Sheets.

Note 6. Note Receivable

The Company's note receivable consists of an Advance Agreement and Secured Promissory Note that was executed on September 30, 2021 between the Company and BCP to lend funds to certain employees to be used to pay general partner commitments to certain funds managed by Bonaccord. This agreement provides for a note to BCP for $5.0 million, of which $4.4 million was drawn as of June 30, 2023 with a maturity date of September 30, 2031. The note will earn interest at the greater of (i) the applicable federal rate that must be charged to avoid imputation of interest under Section 1274(d) of the U.S. Internal Revenue Code and (ii) 5.5%. Interest will be paid on December 31st of each year commencing December 31, 2021, with any unpaid accrued interest being capitalized and added to the outstanding principal balance. There was $0.1 million cash paid for interest as of December 31, 2022 and the $0.1 million was capitalized to the note receivable. As of June 30, 2023, $0.1 million of interest was paid. Principal payments will be made periodically from mandatorily required payments from available cash flows at BCP. As of June 30, 2023 and December 31, 2022, the balance was $4.4 million and $4.2 million, respectively. The Company recognized interest income of $0.1 million and $0.1 million for the three and six months ended June 30, 2023, respectively, and $0.1 million and $0.1 million for the three and six months ended June 30, 2022, respectively.

Note 7. Variable Interest Entities

Consolidated VIEs

The Company consolidates certain VIEs for which it is the primary beneficiary. VIEs consist of certain operating entities not wholly owned by the Company and include P10 Intermediate, Holdco, RCP 2, RCP 3, TrueBridge, Hark, Bonaccord, and WTI. See Note 2 for more information on the Company's accounting policies related to the consolidation of VIEs. The assets of the consolidated VIEs totaled $562.9 million and $568.0 million as of June 30, 2023 and December 31, 2022, respectively. The liabilities of the consolidated VIEs totaled $379.8 million and $96.3 million as of June 30, 2023 and December 31, 2022, respectively. The assets of our consolidated VIE's are owned by those entities and not generally available to satisfy P10's obligations, and the liabilities of our consolidated VIE's are obligations of those entities and their creditors do not generally have recourse to the assets of P10.

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

Unconsolidated VIEs

Through its subsidiary, ECG, the Company holds variable interests in the form of direct equity interests in certain VIEs that are not consolidated because the Company is not the primary beneficiary. The Company's maximum exposure to loss is limited to the potential loss of assets recognized by the Company relating to these unconsolidated entities.

Note 8. Investment in Unconsolidated Subsidiaries

The Company's investment in unconsolidated subsidiaries consist of equity method investments primarily related to ECG's tax credit finance and asset management activities.

As of June 30, 2023, investment in unconsolidated subsidiaries totaled $2.4 million, of which $0.2 million related to ECG's tax credit finance businesses and $2.2 million related to ECG's asset management businesses. As of December 31, 2022, investment in unconsolidated subsidiaries totaled $2.3 million, of which $2.1 million related to ECG's asset management businesses and $0.2 million related to ECG's tax credit finance businesses.

Asset Management

ECG manages some of its alternative asset management funds through various unconsolidated subsidiaries and records these investments under the equity method of accounting. ECG recorded its share of income in the amount of $0.4 million and $0.5 million for the three month and six months ended June 30, 2023, respectively, and $0.8 million and $1.1 million for the three and six months ended June 30, 2022, respectively. For the three and six months ended June 30, 2023, ECG made $0 capital contributions and received distributions of $0.4 million and $0.5 million, respectively. For the three and six months ended June 30, 2022, ECG made $0 capital contributions and received distributions of $0.6 million and $0.7 million, respectively.

Tax Credit Finance

ECG provides a wide range of tax credit transactions and consulting services through various entities which are wholly owned subsidiaries of Enhanced Tax Credit Finance, LLC ("ETCF"), which is a wholly owned subsidiary of ECG. Some of these subsidiaries own nominal interests, typically under 1.0%, in various VIEs and record these investments under the measurement alternative described in Note 2 above. For the three and six months ended June 30, 2023 and June 30, 2022, ECG made $0 of capital contributions and received distributions of $0.

Note 9. Property and Equipment

Property and equipment consist of the following:

	As of June 30, 2023	As of December 31, 2022
Computers and purchased software	$ 1,422	$ 631
Furniture and fixtures	1,627	2,201
Leasehold improvements	2,795	2,197
	$ 5,844	$ 5,029
Less: accumulated depreciation	(2,442)	(2,151)
Total property and equipment, net	$ 3,402	$ 2,878

Note 10. Goodwill and Intangibles

Changes in goodwill for the six months ended June 30, 2023 are as follows:

Balance at December 31, 2022	$ 506,638
Purchase price adjustment	(600)
Increase from acquisitions	-
Balance at June 30, 2023	$ 506,038

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

During the period, there was a revision to the provisional fair value of the WTI tradename as a result of obtaining new information that was available at acquisition. This revision resulted in a purchase price adjustment. This resulted in a $0.6 million adjustment to goodwill and intangible assets.

Intangibles consists of the following:

	As of June 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:			
Trade names	$ 17,364	$ —	$ 17,364
Technology	30	—	30
Total indefinite-lived intangible assets	17,394	—	17,394
Finite-lived intangible assets:			
Trade names	28,240	(4,631)	23,609
Management and advisory contracts	194,666	(98,679)	95,987
Technology	2,402	(1,540)	862
Total finite-lived intangible assets	225,308	(104,850)	120,458
Total intangible assets	$ 242,702	$ (104,850)	$ 137,852

	As of December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:			
Trade names	$ 17,350	$ —	$ 17,350
Technology	30	—	30
Total indefinite-lived intangible assets	17,380	—	17,380
Finite-lived intangible assets:			
Trade names	28,251	(3,472)	24,779
Management and advisory contracts	194,066	(85,563)	108,503
Technology	2,374	(1,241)	1,133
Total finite-lived intangible assets	224,691	(90,276)	134,415
Total intangible assets	$ 242,071	$ (90,276)	$ 151,795

Management and advisory contracts and finite lived trade names are amortized over 7 - 16 years and are being amortized in line with pattern in which the economic benefits that are expected to occur. Technology is amortized on a straight-line basis over 4 years. The amortization expense for each of the next five years and thereafter are as follows:

2023	$ 14,652
2024	25,613
2025	21,271
2026	16,757
2027	11,959
Thereafter	30,206
Total amortization	$ 120,458

Note 11. Fair Value Measurements

The Company measures certain liabilities at fair value on a recurring basis.

Earnouts associated with the acquisitions of Bonaccord and Hark

Included in total consideration of the acquisition of Bonaccord is an earnout payment not to exceed $20 million. The amount ultimately owed to the sellers is based on achieving specific fundraising targets and any amounts paid to the sellers will be paid by October 2027, at which point the earnout expires. As of June 30, 2023, $8.9 million has been paid in contingent consideration associated with the earnout. Total expense recognized for the three and six months ended June 30, 2023 was $0.1 million and $0.5 million, respectively. Total expense recognized for the three and six months ended June 30, 2022 was $0 million and $0.1 million, respectively. This is included in contingent consideration expense on the Statements of Operations. The fair value of the contingent consideration is derived from an analysis of the option pricing model and the scenario based model. The assumptions used in the analysis are inherently subjective; therefore, the ultimate amount of the liability may differ materially from the current estimate. The most significant assumption used in the analysis is future fundraising projections. The Company's contingent consideration is considered to be a Level 3 fair value measurement as the significant inputs are unobservable and require significant judement or estimation. As of June 30, 2023, the estimated fair value of the remaining contingent consideration totaled $10.8 million. Following June 30, 2023, the Company has paid $2.7 million towards the remaining contingent consideration.

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

Included in the total consideration of the acquisition of Hark is an earnout not to exceed $5.4 million. Total expense recognized for the three and six months ended June 30, 2023 totaled $0 and $0.1 million, respectively. Total gain recognized for the three and six months ended June 30, 2022, respectively, totaled $0 million and $0.1 million, which was included in contingent consideration expense on the Statements of Operations. As of June 30, 2023, the contingent consideration associated with the earnout totaled $5.4 million and is considered earned but has not yet been paid. Following June 30, 2023, this was paid in entirety.

The following tables provide details regarding the classification of these liabilities within the fair value hierarchy as of the dates presented:

	As of June 30, 2023			
	Level I	**Level II**	**Level III**	**Total**
Liabilities				
Contingent consideration obligation	$ -	$ -	$ 16,219	$ 16,219
Total liabilities	$ -	$ -	$ 16,219	$ 16,219

	As of December 31, 2022			
	Level I	**Level II**	**Level III**	**Total**
Liabilities				
Contingent consideration obligation	$ -	$ -	$ 17,337	$ 17,337
Total liabilities	$ -	$ -	$ 17,337	$ 17,337

For the liabilities presented in the tables above, there were no changes in fair value hierarchy levels during the periods ended June 30, 2023 and December 31, 2022.

The changes in the fair value of Level III financial instruments are set forth below:

Contingent Consideration Liability	**For the Six Months Ended June 30,**	
	2023	**2022**
Balance, beginning of year:	$ 17,337	$ 22,963
Additions	-	-
Change in fair value	470	(13)
Settlements	(1,588)	-
Balance, end of period:	$ 16,219	$ 22,950

The fair value of the contingent consideration liability represents the fair value of future payments upon satisfaction of performance targets. The assumptions used in the analysis are inherently subjective; therefore, the ultimate amount of the contingent consideration liability primarily relate to the expected future payments of obligations with a discount rate applied. The contingent consideration liability is included in contingent consideration on the Consolidated Balance Sheets. Changes in the fair value of the liability are included in contingent consideration expense on the Consolidated Statements of Operations.

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

Note 12. Debt Obligations

Debt obligations consists of the following:

	As of June 30, 2023	As of December 31, 2022
Revolver facility	$ 68,000	$ 80,900
Debt issuance costs	(2,319)	(2,783)
Revolver facility, net	$ 65,681	$ 78,117
Term Loan	$ 207,188	$ 212,500
Debt issuance costs	(1,134)	(1,393)
Term loan, net	$ 206,054	$ 211,107
Total debt obligations	$ 271,735	$ 289,224

	June 30, 2023			
	Principal Amount	Base Rate	SOFR Rate	Rate Expiration Date
Term Loan	$ 85,313	2.10 %	4.94 %	10/18/2023
Term Loan	121,875	2.10 %	5.35 %	12/27/2023
Revolver Facility	8,000	2.10 %	5.15 %	7/13/2023
Revolver Facility	6,000	2.10 %	5.08 %	7/21/2023
Revolver Facility	26,000	2.10 %	5.23 %	8/30/2023
Revolver Facility	6,000	2.10 %	5.25 %	9/14/2023
Revolver Facility	20,000	2.10 %	5.24 %	9/27/2023
Revolver Facility	2,000	2.10 %	5.23 %	9/28/2023
Total	$ 275,188			

Revolving Credit Facility and Term Loan

On December 22, 2021, the Company entered into a new credit agreement (the "Credit Agreement") with JPMorgan, in its capacity as administrative agent and collateral agent, and Texas Capital Bank, as joint lead arrangers and joint bookrunners, and the other loan parties party thereto. The Credit Agreement consists of two facilities. The first is a revolving credit facility with an available balance of $125 million (the "Revolver Facility"). The second is a term loan for $125 million (the "Term Loan"). In addition to the Term Loan and Revolver Facility, the Credit Agreement also includes a $125 million accordion feature. In October 2022, the accordion feature was exercised with the acquisition of WTI at which point it was split into $87.5 million worth of term loan and $37.5 million of revolver.

Both facilities are "Term SOFR Loans" meaning loans bearing interest based upon the "Adjusted Term SOFR Rate". The Adjusted Term SOFR Rate is the Secured Overnight Financing Rate ("SOFR") at the date of election, plus 2.10%. The Company can elect one or three months for the Revolver Facility and three or six months for the Term Loan. Principal is contractually repaid at a rate of 1.25% on the term loan quarterly effective March 31, 2023. The Revolving Credit Facility has no contractual principal repayments until maturity, which is December 22, 2025 for both facilities. Certain P10 subsidiaries are encumbered by this debt agreement.

The Credit Agreement contains affirmative and negative covenants typical of such financing transactions, and specific financial covenants which require P10 to maintain a minimum leverage ratio. As of June 30, 2023, P10 was in compliance with its financial covenants required under the facility. As of June 30, 2023, the balance drawn on the revolving credit facility is $68.0 million and on the term loan, the balance is $207.2 million. The balance as of December 31, 2022 was $80.9 million on the revolving credit facility and $212.5 million on the term loan. For the three and six months ended June 30, 2023, $5.0 million and $9.9 million of interest expense was incurred, respectively. For the three and six months ended June 30, 2022, $1.3 million and $2.5 million of interest expense was incurred, respectively.

Debt Payable

Future principal maturities of debt as of June 30, 2023 are as follows:

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

2023	$	5,313
2024		10,625
2025		259,250
	$	275,188

Debt Issuance Costs

Debt issuance costs are offset against the Revolver Facility and Term Loan. Unamortized debt issuance costs for the Revolver Facility and Term Loan as of June 30, 2023 and December 31, 2022 were $3.5 million and $4.2 million, respectively.

Amortization expense related to debt issuance costs totaled $0.4 million and $0.7 million for the three and six months ended June 30, 2023, respectively, and $0.2 million and $0.4 million for the three and six months ended June 30, 2022, respectively. This is reported in interest expense, net on the Consolidated Statements of Operations.

Note 13. Related Party Transactions

Effective January 1, 2021, the Company entered into a sublease with 210 Capital, LLC, a related party, for office space serving as our corporate headquarters. The monthly rent expense is $20.3 thousand, and the lease expires December 31, 2029. In the fourth quarter of 2022, the Company sublet an additional amount of office space in the corporate headquarters. This contributed an additional $3.4 thousand monthly. P10 has paid $0.1 million and $0.1 million in rent to 210 Capital, LLC for the three and six months ended June 30, 2023, respectively, and $0.1 million and $0.1 million for the three and six months ended June 30, 2022, respectively.

As described in Note 1, through its subsidiaries, the Company serves as the investment manager to the Funds. Certain expenses incurred by the Funds are paid upfront and are reimbursed from the Funds as permissible per fund agreements. As of June 30, 2023, the total accounts receivable from the Funds totaled $16.0 million, of which $3.5 million related to reimbursable expenses and $12.5 million related to fees earned but not yet received. As of December 31, 2022, the total accounts receivable from the Funds totaled $16.8 million, of which $6.2 million related to reimbursable expenses and $10.6 million related to fees earned but not yet received. In certain instances, the Company may incur expenses related to specific products that never materialize.

Upon the closing of the Company’s acquisition of ECG and ECP, the Advisory Agreement between ECG and Enhanced PC immediately became effective. Under this agreement, ECG provides advisory services to Enhanced PC related to the assets and operations of the permanent capital subsidiaries owned by Enhanced PC, as contributed by both ECG and ECP, and new projects undertaken by Enhanced PC. In exchange for those services, which commenced on January 1, 2021, ECG receives advisory fees from Enhanced PC based on a declining fixed fee schedule, initially totaling $76.0 million over 7 years. As a result of new projects during 2021 and 2022, ECG will receive additional advisory fees from Enhanced PC totaling $22.0 million over 7 years, based on a declining fixed fee schedule. An additional advisory fee was agreed to in 2023 as a result of new projects, this fee totals $9.5 million over 7 years on a declining fixed fee schedule. This agreement is subject to customary termination provisions. Since inception, $51.4 million of the total $107.5 million advisory fees have been recognized as revenue. Advisory fees earned or recognized under this agreement were $5.3 million and $10.2 million for the three and six months ended June 30, 2023, respectively, and $5.5 million and $11.1 million for the three and six months ended June 30, 2022, respectively, and is reported in management and advisory fees on the Consolidated Statements of Operations. The Company also incurs interest income on the balance outstanding. Revenues from interest were $0.1 million and $0.3 million for the three and six months ended June 30, 2023, respectively, and $0.1 million and $0.1 million for the three and six months ended June 30, 2022, respectively, and is reported in management and advisory fees on the Consolidated Statement of Operations. As of June 30, 2023 and December 31, 2022, the balance was $38.7 million and $28.5 million, respectively, and is included in due from related parties on the Consolidated Balance Sheets.

Upon the closing of the Company’s acquisition of ECG and ECP, the Administrative Services Agreement between ECG and Enhanced Capital Holdings, Inc. (“ECH”), the entity which holds a controlling equity interest in ECP, immediately became effective. Under this agreement, ECG pays ECH for the use of their employees to provide services to Enhanced PC at the direction of ECG. The Company recognized $3.0 million and $6.2 million for the three and six months ended June 30, 2023, respectively, and $2.4 million and $4.6 million for the three and six months ended June 30, 2022, respectively, related to this agreement within compensation and benefits on our Consolidated Statements of Operations.

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

On September 10, 2021, Enhanced entered into a strategic partnership with Crossroads Impact Corp ("Crossroads"), the parent company of Capital Plus Financial ("CPF"), a leading certified development financial institution. Under the terms of the agreement, Enhanced will originate and manage loans across its diverse lines of business including small business loans to women and minority owned businesses, and loans to renewable energy and community development projects. The loans will be held by CPF and CPF will pay an advisory fee to Enhanced.

On July 6, 2022, Crossroads entered into the Advisory Agreement (the "Crossroads Advisory Agreement") with ECG. The Crossroads Advisory Agreement provides for ECG to receive a services fee of 1.5% per year of the capital deployed by Crossroads under the Crossroads Advisory Agreement (0.375% quarterly), and an incentive fee of 15% over a 7% hurdle rate. In relation to the strategic partnership with Crossroads effective September 10, 2021 and the Crossroads Advisory Agreement, the Company recognized $2.6 million and $5.0 million for the three and six months ended June 30, 2023, respectively, and $0.6 million and $1.0 million for the three and six months ended June 30, 2022, respectively, which is included in management and advisory fees on the Consolidated Statements of Operations.

On July 6, 2022, certain funds managed by the Company purchased 4,646,840 shares of Crossroads common stock at $10.76 per shares, for an aggregate amount of approximately $50 million. On August 1, 2022, an additional purchase of 1,394,052 shares of Crossroads common stock at $10.76 per share occurred. The Co-CEOs of the Company are directors of Crossroads. The Company recognizes an annual fee of $20 thousand of which $5 thousand and $10 thousand has been recognized for the three and six months ended June 30, 2023, respectively, which is included in management and advisory fees on the Consolidated Statements of Operations. The Company recognized $20 thousand and $20 thousand for the three and six months ended June 30, 2022, respectively.

Upon the closing of the Bonaccord acquisition on September 30, 2021, an Advance Agreement and Secured Promissory Note was signed with BCP, an entity that was formed by employees of the Company. For details, see Note 6.

Note 14. Commitments and Contingencies

Operating Leases

The Company leases office space and various equipment under non-cancelable operating leases, with the longest lease expiring in 2032. These lease agreements provide for various renewal options. Rent expense for the various leased office space and equipment was approximately $1.1 million and $1.9 million for the three and six months ended June 30, 2023, respectively, and $0.8 million and $1.6 million for the three and six months ended June 30, 2022, respectively.

The following table presents information regarding the Company’s operating leases as of June 30, 2023:

Operating lease right-of-use assets	$	17,888
Operating lease liabilities	$	21,219
Cash paid for lease liabilities	$	1,316
Weighted-average remaining lease term (in years)		7.22
Weighted-average discount rate		4.37%

The future contractual lease payments as of June 30, 2023 are as follows:

2023		1,755
2024		3,959
2025		3,211
2026		2,917
2027		2,870
Thereafter		10,293
Total undiscounted lease payments		25,005
Less imputed interest		(3,786)
Total lease liabilities	$	21,219

Earnout Payment

With the acquisition of WTI, an earnout payment of up to $70.0 million of cash and common stock may be earned upon meeting certain performance metrics.Upon the achievement of $20.0 million, $22.5 million, and $25.0 million of EBTIDA, $35.0 million, $17.5 million, and $17.5 million are earned, respectively. Of the total amount, $50.0 million can be earned by the sellers and the remaining $20.0 million would be allocated to employees of the Company at the time the earnout is earned. Payment to both sellers and employees is contingent on continued employment and, therefore, these earnout payments are recorded as compensation and benefits expense on the Consolidated Statements of Operations. The Company will evaluate whether each earn-out hurdle is probable of occurring and recognize an expense over the period the hurdle is expected to be achieved. As of June 30, 2023, the Company has determined that only the first two EBITDA hurdles are probable of being achieved. Total payment will not exceed $70.0 million and any amounts paid will be paid by October 2027, at which point the earnout expires. For the three and six months ended June 30, 2023, $5.9 million and $11.8 million, respectively, was recognized and for the three and six months ended June 30, 2022, $0 and $0 was recognized, respectively. As of June 30, 2023 and December 31, 2022, the balance was $17.0 million and $5.2 million, respectively, and is included in accrued compensation and benefits in the Consolidated Balance Sheets. No payments have been made on the earnout.

Bonus Payment

In connection with the acquisition of WTI, certain employees entered into employment agreements. As part of these employment agreements, certain employees may receive a one-time bonus payment if the employee is employed by the Company as of the fifth anniversary of the effective date and the trailing-twelve month EBITDA of WTI at that time is equal to or greater than $20.0 million. Payment can be made in cash or stock of P10, provided that no more than $5.0 million will be payable in cash. Total payment will not exceed $10.0 million and any amounts will be paid in October 2027, the fifth anniversary of the effective date. For the three and six months ended June 30, 2023, $0.5 million and $1.0 million, respectively, of expense was recognized and for the three and six months ended June 30, 2022, no expense was recognized. Recognized expense is included in compensation and benefits on the Consolidated Statement of Operations. As of June 30, 2023 and December 31, 2022, the balance was $1.4 million and $0.4 million, respectively, and is included in accrued compensation and benefits on the Consolidated Balance Sheets.

Revenue Share Arrangement

The Company recognizes accrued contingent liabilities and contingent payments to customers asset in our Consolidated Balance Sheets for an agreement that exists between ECG and third parties. The agreements require ECG to share in certain revenues earned with the third parties and also includes an option for the third parties to sell back the revenue share to ECG at a set multiple. The Company’s contingent liabilities and corresponding contingent payments to customers are recognized once determined to be probable and estimable. The contingent payments to customers are amortized and recorded within management and advisory fees on the Consolidated Statements of Operations over the revenue share agreement. As of June 30, 2023, the Company has determined that the put options are probable and have accrued estimated contingent liabilities and contingent payments to customers. As of June 30, 2023 and December 31, 2022, the balance was $14.3 million and $14.3 million, respectively, and is included in accrued contingent liabilities on the Consolidated Balance Sheets. The associated contingent payments to customers asset balance was $12.9 million and $13.6 million as of June 30, 2023 and December 31, 2022, respectively. The Company recognized $0.6 million and $0.2 million of amortization of contingent payments to customers for the three and six months ended June 30, 2023, respectively, and $0 and $0 of amortization of contingent payments to customers for the three and six months ended June 30, 2022, respectively, which is included in management and advisory fees on the Consolidated Statements of Operations. The Company will reassess each period and recognize all changes as if they occurred at inception.

Contingencies

We may be involved, either as plaintiff or defendant, in a variety of ongoing claims, demands, suits, investigations, tax matters and proceedings that arise from time to time in the ordinary course of our business. We evaluated all potentially significant litigation, government investigations, claims or assessments in which we are involved and disclosed anything more likely than not to be recognized below. We do not believe that any of these matters, individually or in the aggregate, will result in losses that are materially in excess of amounts already recognized, if any.

In 2021, the Civil Enforcement Division of the Oregon Department of Justice (Oregon DOJ) initiated an investigation of certain transactions involving the Oregon Low Income Community Jobs Initiative, also known as the Oregon New

Markets Tax Credit (NMTC) program, to which a subsidiary of Enhanced Capital, among others, was a party. The Oregon DOJ contends that the subsidiary of Enhanced Capital omitted from the NMTC application information regarding the application of leveraged financing in the transaction and the sources and uses of funds in the proposed transactions. No formal claims have been filed by the Oregon DOJ. The Company continues to assert that it followed all program requirements and met all disclosure obligations. The subsidiary of Enhanced Capital completed non-binding mediation in July 2023 and settlement discussions continue. Based on our assessment of the current stage of this investigation and settlement, our financial results as of June 30, 2023, includes an immaterial accrual related thereto in accrued expenses on the Consolidated Balance Sheets and other (expense)/income on the Consolidated Statements of Operation. At this time, we do not believe any outcome in this investigation will have a material adverse effect on our business, operating results, or financial position.

Note 15. Income Taxes

The Company calculates its tax provision using the estimated annual effective tax rate methodology. The tax expense or benefit caused by an unusual or infrequent item is recorded in the quarter in which it occurs. To the extent that information is not available for the Company to fully determine the full year estimated impact of an item of income or tax adjustment, the Company calculates the tax impact of such item discretely.

Based on these methodologies, the Company’s effective income tax rate was 59.62% and 29.80% for the three and six months ended June 30, 2023, respectively. The effective tax rate differs from the federal statutory rate of 21% due to executive compensation subject to 162(m) limitation, state taxes, and a discrete period recognition of windfall tax adjustments related to options exercised year-to-date. The Company's effective income tax rate for the three and six months ended June 30, 2022 was 26.11% and 25.94%, respectively. The effective tax rate differs from the federal statutory rate of 21% due primarily to state and local income taxes.

The Company records deferred tax assets and liabilities for the future tax benefit or expense that will result from differences between the carrying value of its assets for income tax purposes and for financial reporting purposes, as well as for operating loss and tax credit carryovers. A valuation allowance is recorded to bring the net deferred tax assets to a level that, in management's view, is more likely than not to be realized in the foreseeable future. This level will be estimated based on a number of factors, especially the amount of net deferred tax assets of the Company that are actually expected to be realized, for tax purposes, in the foreseeable future. As of June 30, 2023, the Company has recorded a $12.8 million valuation allowance against deferred tax assets, primarily related to a note impairment. There was no change to the valuation allowance during the period.

The Company monitors federal and state legislative activity and other developments that may impact our tax positions and their relation to the income tax provision. Any impacts will be recorded in the period in which the legislation is enacted or new regulations are issued. The Company is subject to examination by the United States Internal Revenue Service as well as state and local tax authorities. The Company is not currently under audit.

Note 16. Stockholders' Equity

Equity-Based Compensation

On July 20, 2021, the Board of Directors approved the P10 Holdings, Inc. 2021 Stock Incentive Plan (the "Plan"), which replaced the 2018 Incentive Plan ("2018 Plan"), our previously existing equity compensation plan. The Compensation Committee of the Board of Directors may issue equity-based awards including stock options, stock appreciation rights, restricted stock units and restricted stock awards. Options previously granted under the 2018 Plan cliff vest over a period of four or five years. The term of each option is no more than ten years from the date of grant. When the options are exercised, the Board of Directors has the option of issuing shares of common stock or paying a lump sum cash payment on the exercise date equal to the difference between the common stock’s fair market value on the exercise date and the option price. Terms of all future awards will be granted under the Plan, and no additional awards will be granted under the 2018 Plan. Awards granted under the 2018 Plan continue to follow the 2018 Plan.

The 2018 Plan provided for an initial 6,300,000 shares (adjusted for the reverse stock split). The Plan provided for the issuance of 3,000,000 shares available for grant, in addition to those approved in the 2018 Plan for a total of 9,300,000 shares.

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

On March 15, 2022, the Board of Directors approved the settlement of 1.1 million options from a grantee with a fair market value option price of $11.83, less a negotiated discount of 2.5%, totaling $12.5 million. This was paid on April 4, 2022.

On June 17, 2022, at the Annual Meeting of Stockholders, the shareholders authorized an increase of 5,000,000 shares that may be issued under the Plan creating a total of 14,300,000 shares available for grant under the Plan and the 2018 Plan. On October 21, 2022, a special meeting of stockholders was held to increase the number of shares issuable under the Plan by 4,000,000 shares. As of June 30, 2023, there are 3,965,756 shares available for grant.

A summary of stock option activity for the period ended June 30, 2023 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining (in years)	Aggregate Intrinsic Value (whole dollars)
Outstanding as of December 31, 2022	10,612,231	$ 7.25	8.09	$ 39,004,141
Granted	3,027,974	10.07		
Exercised	(657,902)	1.97		
Settled	—	—		
Expired/Forfeited	(832,960)	10.33		
Outstanding as of June 30, 2023	12,149,343	$ 8.03	8.15	$ 41,642,102
Exercisable as of June 30, 2023	906,865	$ 2.83	5.15	$ 7,683,858

Compensation expense equal to the grant date fair value is recognized for these awards over the vesting period and is included in compensation and benefits on our Consolidated Statements of Operations. The stock-based compensation expense was $8.1 million and $15.2 million for the three and six months ended June 30, 2023, respectively, and $2.7 million and $4.2 million for the three and six months ended June 30, 2022, respectively. Unrecognized stock-based compensation expense related to outstanding unvested stock options as of June 30, 2023 was $7.1 million and is expected to be recognized over a weighted average period of 3.39 years. Any future forfeitures will impact this amount.

The weighted average assumptions used in calculating the fair value of stock options granted during the six months ended June 30, 2023 and June 30, 2022 were as follows:

	For the Six Months Ended June 30,	
	2023	2022
Expected life	7.5 (yrs)	7.5 (yrs)
Expected volatility	38.60 %	35.40 %
Risk-free interest rate	4.07 %	1.98 %
Expected dividend yield	1.20 %	0.00 %

The Company has granted restricted stock awards ("RSAs") to certain employees. Holders of RSAs have no voting rights and accrue dividends until vesting with payment being made once they vest. All of the shares currently vest one year from the grant date.

	Number of RSAs	Weighted-Average Grant Date Fair Value Per RSA
Outstanding as of December 31, 2022	33,346	$ 12.37
Granted	—	—
Vested	—	—
Forfeited	—	—
Outstanding as of June 30, 2023	33,346	$ 12.37

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

The Company has granted restricted stock units ("RSUs") to certain employees. Holders of RSUs have no voting rights and are not eligible to receive dividends or other distributions paid with respect to any RSUs that have not vested. All of the shares currently vest one year from the grant date excluding the restricted stock units at Hark and Bonaccord which are discussed in more detail below.

At the time of the Bonaccord acquisition, the Company entered into a Notice of Restricted Stock Units with certain employees of Bonaccord for grants of Restricted Stock Units ("Bonaccord Units") to be allocated to employees at a later date for meeting certain performance metrics. The Bonaccord Units may not be transferred, sold, pledged, exchanged, assigned or otherwise encumbered or disposed of by any grantee until it has become vested. On August 16, 2022, allocations were finalized pursuant to which an aggregate a value of $17.5 million of units may vest at each future achievement of performance metrics. As of June 30, 2023, certain performance metrics have been met and 348,931 units have been issued to specific employees. The Company evaluates whether it is probable that the Bonaccord Units will vest and applies the tranche method to determine the amount of expense to recognized during the period. An expense of $1.6 million and $5.2 million has been recorded for the three and six months ended June 30, 2023, respectively, on the Consolidated Statements of Operations. The unrecognized expense associated with the Bonaccord Units was $5.3 million as of June 30, 2023.

At the time of the Hark acquisition, the Company entered into a Notice of Restricted Stock Units with an employee, which grants Restricted Stock Units ("Hark Units") for meeting a certain performance metric. The Hark Units may not be transferred, sold, pledged, exchanged, assigned or otherwise encumbered or disposed of by any grantee until they have become vested. As of June 30, 2023, all Hark Units have vested and been issued. An expense of $0.3 million has been recorded for the three and six months ended June 30, 2023 on the Consolidated Statements of Operations.

The below table does not include Bonaccord or Hark Units that were issued outside of the Plan, that have not vested and are recorded as a liability.

	Number of RSUs	Weighted-Average Grant Date Fair Value Per RSU
Outstanding as of December 31, 2022	508,135	$ 11.34
Granted	1,273,209	10.01
Vested	(875,001)	11.43
Forfeited	—	—
Outstanding as of June 30, 2023	906,343	$ 10.01

(Unaudited, dollar amounts stated in thousands, except share and per share amounts)

Note 17. Earnings Per Share

The Company presents basic EPS and diluted EPS for our common stock. Basic EPS excludes potential dilution and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if shares of common stock were issued pursuant to our stock-based compensation awards. For the three and six months ended June 30, 2023, diluted EPS reflects the potential dilution that could occur assuming that all units in P10 Intermediate that were granted as a result of the WTI acquisition are converted to shares of Class A common stock.

The following table presents a reconciliation of the numerators and denominators used in the computation of basic and diluted EPS:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Numerator for basic calculation—Net income				
Numerator for basic calculation—Net income attributable to P10	$ 1,763	$ 11,154	$ 2,368	$ 18,946
Adjustment for:				
Net income attributable to noncontrolling interest in P10 Intermediate	339	-	503	
Numerator for earnings per share				
Numerator for earnings per share assuming dilution	$ 2,102	$ 11,154	$ 2,871	$ 18,946
Denominator:				
Denominator for basic calculation—Weighted-average shares	116,168	117,193	116,063	117,193
Weighted shares assumed upon exercise of partnership units	3,917	-	3,917	-
Weighted shares assumed upon exercise of stock options	3,789	3,788	3,938	4,066
Denominator for earnings per share assuming dilution	123,874	120,981	123,918	121,259
Earnings per share—basic	$ 0.02	$ 0.10	$ 0.02	$ 0.16
Earnings per share—diluted	$ 0.02	$ 0.09	$ 0.02	$ 0.16

The computations of diluted earnings per share on a weighted average basis excluded 5.2 million and 4.0 million options for the three and six months ended June 30, 2023, respectively, and 1.4 million and 1.0 million options for the three and six months ended June 30, 2022, because the options were anti-dilutive.

Note 18. Subsequent Events

The Board of Directors of the Company has declared a quarterly cash dividend of $0.0325 per share of Class A and Class B common stock, payable on September 20, 2023, to the holders of record as of the close of business on August 31, 2023.

In accordance with ASC 855, *Subsequent Events*, the Company evaluated all material events or transactions that occurred after June 30, 2023, the Consolidated Balance Sheet date, through the date the Consolidated Financial Statements were issued, and determined there have been no additional events or transactions that would materially impact the Consolidated Financial Statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis relates to the activities and operations of P10. As used in this section, "P10," the "Company", "we" or "our" includes P10 and only its consolidated subsidiaries. The following information should be read in conjunction with our selected financial and operating data and the accompanying consolidated financial statements and related notes contained elsewhere in this quarterly report on Form 10-Q. Our historical results discussed below, and the way we evaluate our results, may differ significantly from the descriptions of our business and key metrics used elsewhere in this quarterly report on Form 10-Q due to the effects of acquisitions which occurred during the year ended December 31, 2022, but may not have had a material impact on our statements of operations due to the limited period of time which they were included in our consolidated results. The following discussion may contain forward-looking statements that reflects our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Form 10-Q, and in our annual report on Form 10-K for the year ended December 31, 2022, particularly in "Risk Factors" and the "Forward-Looking Information." Unless otherwise indicated, references in this Quarterly Report on Form 10-Q to fiscal 2023 and 2022 are to our fiscal years ended December 31, 2023 and 2022, respectively.

Business Overview

We are a leading multi-asset class private market solutions provider in the alternative asset management industry. Our mission is to provide our investors differentiated access to a broad set of solutions and investment vehicles across highly attractive asset classes and geographies that generate superior risk-adjusted returns. Our success and growth have been driven by our position in the private markets' ecosystem, providing investors with specialized private market solutions across a comprehensive set of investment strategies, including primary investment funds, secondary investment, direct investment and co-investments and advisory solutions. As investors entrust us with additional capital, our relationships with our fund managers are strengthened, which drives additional investment opportunities, sources more data, enables portfolio optimization and enhances returns, and in turn attracts new investors.

On October 13, 2022, we completed the acquisition of WTI that again further expanded on solutions available to our investors by entering into the venture debt space. The effect of this acquisition is reflected in our Consolidated Balance Sheet at December 31, 2022 and Consolidated Statement of Operations beginning with the period from October 13, 2022 to December 31, 2022 and forward. The acquisition was accounted for as a business combination and WTI is reported as a consolidated subsidiary of P10.

During 2022, the Board approved a program to repurchase up to $40.0 million of outstanding shares of our Class A and Class B common stock. These shares may be repurchased from time to time in the open market at prevailing market prices, in privately negotiated transactions, in block trades, in accordance with Rule 10b5-1 trading plans and/or through other legally permissible means. The timing and amount of any repurchases pursuant to the program will depend on various factors including, the market price of our Class A Common Stock, trading volume, ongoing assessment of our working capital needs, general market conditions, and other factors. As of June 30, 2023, $21.1 million has been used to buy back shares under this program.

As of June 30, 2023, our private market solutions were comprised of the following:

- *Private Equity Solutions (PES)*. Under PES, we make direct and indirect investments in middle and lower- middle market private equity across North America. PES also makes minority equity investments in a diversified portfolio of mid-sized managers across private equity, private credit, real estate and real assets. The PES investment team, which is comprised of 41 investment professionals with an average of 25+ years of experience, has deep and long-standing investor and fund manager relationships in the middle and lower-middle market which it has cultivated over the past 20 years, including over 1,900+ investors, 280+ fund managers, 750+ private market funds and 2,000+ portfolio companies. We have 53 active investment vehicles. PES occupies a differentiated position within the private markets ecosystem helping our investors access, perform due diligence, analyze and invest in what we believe are attractive middle and lower-middle market private equity opportunities. We are further differentiated by the scale, depth, diversity and accuracy of our constantly expanding proprietary private markets database that contains comprehensive information on more than 4,900 investment firms, 9,800 funds, 44,000 individual transactions, 29,000 private companies and 276,000 financial metrics. As of June 30, 2023, PES managed $11.8 billion of FPAUM.
- *Venture Capital Solutions (VCS).* Under VCS, we make investments in venture capital funds across North America and specialize in targeting high-performing, access-constrained opportunities. The VCS investment team, which is comprised of 11 investment professionals with an average of 23+ years of experience, has deep

and long-standing investor and fund manager relationships in the venture market which it has cultivated over the past 14+ years, including over 1,000+ investors, 75+ fund managers, 81 direct investments, 340+ private market funds and 12,000+ portfolio companies. We have 19 active investment vehicles. Our VCS solution is differentiated by our innovative strategic partnerships and our vantage point within the venture capital and technology ecosystems, maximizing advantages for our investors. In addition, since 2011, we have partnered with Forbes to publish the Midas List, a ranking of the top value-creating venture capitalists. As of June 30, 2023, VCS managed $5.8 billion of FPAUM.

- *Impact Investing Solutions (IIS).* Under IIS, we make equity, tax equity, and debt investments in impact initiatives across North America. IIS primarily targets investments in renewable energy development and historic building renovation projects, as well as providing capital to small businesses that are women or minority owned or operating in underserved communities. The IIS investment team, which is comprised of 15 investment professionals with an average of 23+ years of experience, has deep and long-standing relationships in the impact market which it has cultivated over the past 20 years, including deploying capital on behalf of over 110 investors. We currently have 34 active investment vehicles. We are differentiated in both the breadth of impact areas served, the type of capital deployed and the duration of our track record. From inception in 1999 through June 30, 2023, inclusive of proprietary assets and assets managed by affiliates, Enhanced Capital has raised a total of $5.7 billion. Of the total AUM, impact assets represent $3.5 billion invested in over 1,000 projects and businesses across 39 states, Washington DC, and Puerto Rico and does not include investments made by non-impact affiliates. Investments in solar assets have generated over 1.6 billion KWh of renewable energy from inception to December 31, 2022. As of June 30, 2023, IIS managed $1.9 billion of FPAUM.
- *Private Credit Solutions (PCS).*Under PCS, we primarily make debt investments across North America, targeting lower middle market companies owned by leading financial sponsors and also offer certain private equity solutions. PCS also provides loans to mid-life, growth equity, venture and other funds backed by the unrealized investments at the fund level and provide financing for companies that would otherwise require equity. The PCS investment team, which is comprised of 37 investment professionals with an average of 24+ years of experience, has deep and long-standing relationships in the private credit market which it has cultivated over the past 22 years, including 300+ investors across 11 active investment vehicles and 1,600+ portfolio companies with $9.8+ billion capital deployed. Our PCS is differentiated by our relationship-driven sourcing approach providing capital solutions for growth-oriented companies. We are further synergistically strengthened by our PES network of fund managers, characterized by more than 690 credit opportunities annually. We currently maintain 50+ active sponsor relationships and have 45+ platform investments. As of June 30, 2023, PCS managed approximately $2.7 billion of FPAUM.

Sources of Revenue

Our sources of revenue currently include fund management fee contracts, advisory service fee contracts, consulting agreements, referral fees, subscriptions and other services. The majority of our revenues are generated through long-term, fixed fee management and advisory contracts with our investors for providing investment solutions in the following vehicles for our investors:

- *Primary Investment Funds.* Primary investment funds refer to investment vehicles which target investments in new private markets funds, which in turn invest directly in portfolio companies. P10's primary investment funds include both commingled investment vehicles with multiple investors as well as customizable separate accounts, which typically include one investor. Primary investments are made during a fundraising period in the form of capital commitments, which are called upon by the fund manager and utilized to finance its investments in portfolio companies during a predefined investment period. We receive a fee stream that is typically based on our investor's committed, locked-in capital; capital commitments that typically average ten to fifteen years, though they may vary by fund and strategy. We offer primary investment funds across private equity and venture capital solutions. Often, the fees are structured such that they step down, or decrease, over the life of the fund. Our primary funds comprise approximately $13.0 billion of our FPAUM as of June 30, 2023.
- *Direct and Co-Investment Funds.* Direct and co-investments involve acquiring an equity interest in or making a loan to an operating company, project, property, alternative asset manager, or asset, typically by co-investing alongside an investment by a fund manager or by investing directly in the underlying asset. P10's direct and co- investment funds include both commingled investment vehicles with multiple investors as well as customizable separate accounts, which typically include one investor. Capital committed to direct investments and co-investments is typically invested immediately, thereby advancing the timing of expected returns on investment. We typically receive fees from investors based upon committed capital, with some funds receiving fees based on invested capital; capital commitments, typically average ten to fifteen years, though they may vary by fund. We

offer direct and co-investment funds across our private equity, venture capital, impact investing and private credit solutions. Often, the fees are structured such that they step down, or decrease, over the life of the fund. Our direct investing platform comprises approximately $7.8 billion of our FPAUM as of June 30, 2023.

- *Secondaries.* Secondaries refer to investments in existing private markets funds through the acquisition of an existing interest in a private markets fund by one investor from another in a negotiated transaction. In so doing, the buyer agrees to take on future funding obligations in exchange for future returns and distributions. Because secondary investments are generally made when a primary investment fund is three to seven years into its investment period and has deployed a significant portion of its capital into portfolio companies, these investments are viewed as more mature. We typically receive fees from investors on committed capital for a decade, the typical life of the fund. We currently offer secondaries funds across our private equity solutions. Often, the fees are structured such that they step down, or decrease, over the life of the fund. Our secondary funds comprise approximately $1.4 billion of our FPAUM as of June 30, 2023.

Operating Segments

We operate our business as a single operating segment, which is how our chief operating decision makers (our Co-Chief Executive Officers) evaluate financial performance and make decisions regarding the allocation of resources.

Trends Affecting Our Business

Our business is affected by a variety of factors, including conditions in the financial markets and economic and political conditions in the North American markets in which we operate, as well as changes in global economic conditions, and regulatory or other governmental policies or actions, which can materially affect the values of the funds our platforms manage, as well as our ability to effectively manage investments and attract capital. Despite rising interest rates and the global economy outlook remaining uncertain, we continue to see investors turning towards alternative investments to achieve consistent and higher yields with our contractually guaranteed fee rate.

The continued growth of our business may be influenced by several factors, including the following market trends:

- *Accelerating demand for private markets solutions.* Our ability to attract new capital is dependent on investor demand for private markets solutions. We believe the composition of public markets is fundamentally shifting and will drive growth in private markets investing as fewer companies elect to become public corporations, while more companies are choosing to stay privately held or return to being privately held. Furthermore, investors continue to increase their exposure to passive strategies in search for lower fee alternatives as relative returns in active public market strategies have compressed. We believe the continued move away from active public market strategies into passive strategies will support growth in private market solutions as investors seek higher risk-adjusted returns. Additional trends driving investor demand are (a) increasing long-term investor allocations towards private market asset classes, (b) legislation that allows retirement plans to add private equity vehicles as an investment option, and (c) the adoption of Environmental, Social, and Corporate Governance (“ESG”) and impact investing by the institutional and high net worth investor community.
- *Favorable lower and lower-middle market dynamics, and data driven sourcing.* We attribute our strong investment performance track record to several factors, including: our broad private market relationships and access to fund managers and investments, our diligent and responsible investment process, our tenured investing experience and our premier data, technology, and analytic capabilities. Our ability to continue generating strong returns will be impacted by lower and lower-middle market dynamics and our ability to source deals efficiently and effectively using data analytics. As more companies choose to remain private, we believe smaller companies will continue to dominate market supply, with significantly less capital in pursuit. This favorable lower and lower-middle market dynamic implies a larger pool of opportunities at compelling purchase price valuations with significant return potential. In addition, our premier data and analytic capabilities, driven by our proprietary database, support our robust and disciplined sourcing criteria, which fuels our highly selective investment process. Our database stores and organizes a universe of managers and opportunities with powerful tracking metrics that we believe drive optimal portfolio construction, management, and monitoring and enable a portfolio grading system, as well as repository of investment evaluation scorecards. Our ability to maintain our data advantage is dependent on several factors, including our continued access to a broad set of private market information on an on-going basis.
- *Expanding asset class solutions, broaden geographic reach and grow private markets network effect.* Our ability to continue growing is impacted by our scalability and ability to maximize investor relationships. The purview of private markets has meaningfully broadened over the last decade. As investors increase their allocations to

private markets investments, we believe the demand for asset class diversification will rise. Furthermore, as part of this evolution we believe investors will seek out private market solutions providers with scale and an ability to deliver multiple asset classes and vehicle solutions to streamline relationships and pursue cost efficiency. Our scalable business model is well positioned to expand and grow our footprint as we develop our position within the private markets ecosystem to further leverage our synergistic solutions offering. We currently have a leading presence in North America, but believe that expanding our investor presence into international markets can be a significant growth driver for our business as investors continue to seek geographically diverse private market exposure. Further, expanding into additional asset class solutions can enable us to further enhance our integrated network effect across private markets by, among other benefits, fostering deeper manager relationships. We believe that the growing number of private markets focused fund managers increases the operational burden on investors and will lead to a greater reliance on highly trusted advisors to help investors navigate the complexity associated with multi- asset class manager selection.

- *Increasing regulatory requirements and political uncertainty.* The complex regulatory and tax environment could restrict our operations and subject us to increased compliance costs and administrative burdens, as well as restrictions on our business activities. There is additional uncertainty around potential legal, regulatory, and tax changes, which may impact our profitability or impact our ability to operate and grow our business.
- *Our ability to raise capital in order to fund acquisitions and strategic growth initiatives.* In addition to organic growth of our existing solutions and services, our growth will continue to depend, in part, on our ability to identify, evaluate and acquire high performing and high-quality asset management businesses to expand our team of asset managers and advisors, as well as expand the industries and end markets which we serve. These acquisitions may require us to raise additional capital through debt financing or the issuance of equity securities. Our ability to obtain debt with acceptable terms will be influenced by the corporate debt markets and prevailing interest rates, as well as our current credit worthiness. The funding available through the issuance of equity securities will be determined in part by the market price of our shares.
- *Increased competition to work with top private equity fund managers.* There has been a trend amongst larger private markets investors to consolidate the number of general partners in which they invest and work with. At times, this has led to certain funds being oversubscribed due to the increasing flow of capital. This has resulted in some investors, primarily smaller investors or less strategically important investors, not being able to gain access to certain funds. Our ability to invest and maintain our sphere of influence with these high-performing fund managers is critical to our investors' success and our ability to maintain our competitive position and grow our revenue.
- *Data advantage relative to competitors.* We believe that the general trend towards transparency and consistency in private markets reporting will create new opportunities for us to leverage our databases and analytical capabilities. We intend to use these advantages afforded to us by our proprietary databases, analytical tools and deep industry knowledge to drive our performance, provide our clients with customized solutions across private markets asset classes and continue to differentiate our products and services from those of our competitors. Our ability to maintain our data advantage is dependent on several factors, including our continued access to a broad set of private market information on an on-going basis, as well as our ability to maintain our investment scale, considering the evolving competitive landscape and potential industry consolidation.
- *Consolidation of Manager relationships and flight to quality.* As global financial markets continue to remain uncertain and private markets investors evaluate their exposure and allocation to private markets, a trend of consolidating managers has emerged. Our strategies, with long-track records of success, deep industry experience, well-established relationships, and high-quality investment opportunities, can benefit from a trend toward reducing the number of managers to which capital is allocated. Furthermore, we believe that by offering investors access to access-constrained investment opportunities, investors may favor our strategies as they make decisions on market exposure and allocation levels.
- *Counter-cyclical strategies can thrive in a higher-rate environment.* Some strategies are counter-cyclical in nature and can take advantage of a higher rate environment. Specifically, private credit products, including our NAV lending strategy, with floating rate terms, benefit from the current environment, with floating rates and longer duration. The higher rate environment also benefits our venture debt strategy as rates float throughout the investment period.

Key Financial & Operating Metrics

Revenues

We generate revenues primarily from management fees and advisory contracts, and to a lesser extent, other consulting arrangements and services. See Significant Accounting Policies in Note 2 of our Consolidated Financial Statements for additional information regarding the way revenues are recognized.

We earn management and advisory fees based on a percentage of investors' capital commitments to, in funds or deployed capital. Management and advisory fees during the commitment period are charged on capital commitments and after the commitment period (or a defined anniversary of the fund's initial closing) is reduced by a percentage of the management and advisory fees for the preceding years or charged on net invested capital or NAV, in selected cases. Fee schedules are generally fixed and set for the expected life of the funds, which typically are between ten to fifteen years. These fees are typically staged to decrease over the life of the contract due to built-in declines in contractual rates and/or as a result of lower net invested capital balances as capital is returned to investors. We also earn revenues through catch-up fees ("catch up fees") on the funds we manage. Catch-up fees are earned from investors that make commitments to the fund after the first fund closing occurs during the fundraising period of funds originally launched in prior periods, and as such the investors are required to pay a catch-up fee as if they had committed to the fund at the first closing. While catch-up fees are not a significant component of our overall revenue stream, they may result in a temporary increase in our revenues in the period in which they are recognized.

Other revenue consists of subscription and consulting agreements and referral fees that we offer in certain cases. Subscription and consulting agreements provide advisory and/or reporting services to our investors such as monitoring and reporting on an investor's existing private markets investments. The subscription and consulting agreements typically have renewable one-year lives, and revenue is recognized ratably over the current term of the subscription or the agreement. If subscriptions or fees have been paid in advance, these fees are recorded as deferred revenue on our Consolidated Balance Sheets. Referral fee revenue is recognized upon closing of opportunities where we have referred credit opportunities that do not match our investment criteria.

The Company recognizes an accrued contingent liability and contingent payments to customers in our Consolidated Balance Sheets for agreements between ECG and third parties. The agreements require ECG to share in certain revenues earned with the third party and also includes an option for the third party to sell back the revenue share to ECG at a set multiple. Additionally, ECG holds the option to buy back 50% of the revenue share at a set multiple. The options to repurchase the revenue share are not exercisable until a certain period of time has lapsed per the agreements. The Company believes it is probable that the third parties will exercise their options to sell back the revenue share and has recognized a liability on the Consolidated Balance Sheets. The Company has also recognized a contingent payments to customers asset associated with the agreement and will amortize the asset against revenue over the length of the management contracts. The amortization is reported in management and advisory fees on the Consolidated Statements of Operations.

Operating Expenses

Compensation and benefits are our largest expense and consists of salaries, bonuses, stock-based compensation, earnout and bonus payments related to the acquisition of WTI, employee benefits and employer-related payroll taxes. Despite our general operating leverage that exists, we expect to continue to experience an incremental rise in compensation and benefits expense commensurate with expected growth in headcount and with the need to maintain competitive compensation levels as we expand into new markets to create new products and services. In substantially all instances, the Company does not hold carried interests in the funds that we manage. Carried interest is typically structured to stay with the investment professionals. As such, while this does not impact the compensation we pay to our employees, it allows our investment professionals to receive additional benefit and provides economic incentive for them to outperform on behalf of our investors. This structure differs from that of most of our competitors, which we believe better aligns the objectives of our stockholders, investors and investment professionals.

Professional fees primarily consist of legal, advisory, accounting and tax fees which may include services related to our strategic development opportunities such as due diligence performed in connection with potential acquisitions. Our professional fees will fluctuate commensurate with our strategic objectives and potential acquisitions, and certain recurring accounting advisory, audit and tax expenses are expected to increase as our Company has become an SEC registrant and we must comply with additional regulatory requirements.

General, administrative and other includes occupancy, travel and entertainment, technology, insurance and other general costs associated with operating our business.

Strategic alliance expense is included in operating expenses. This expense is driven by the SAA that Bonaccord entered into with an investor at the time Bonaccord was acquired in exchange for a portion of net management fee earnings and net distributable carried interest at the time of acquisition.

Other Income (Expense)

Interest expense includes interest paid and accrued on our outstanding debt, along with the amortization of deferred financing costs.

Income Tax Benefit (Expense)

Income tax benefit (expense) is comprised of current and deferred tax benefit (expense). Current income tax benefit (expense) represents our estimated taxes to be paid or refunded for the current period. In accordance with ASC 740, Income Taxes ("ASC 740"), we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount we believe is more likely than not to be realized.

Fee-Paying Assets Under Management, or FPAUM

FPAUM 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.

Results of Operations

For the three and six months ended June 30, 2023 and June 30, 2022.

	For the three months ended June 30,				For the six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
REVENUES		(in thousands)				(in thousands)		
Management and advisory fees	$ 61,657	$ 46,451	$ 15,206	33%	$ 118,244	$ 89,478	$ 28,766	32%
Other revenue	815	287	528	184%	1,481	541	940	174%
Total revenues	62,472	46,738	15,734	34%	119,725	90,019	29,706	33%
OPERATING EXPENSES								
Compensation and benefits	36,311	17,815	18,496	104%	71,953	36,309	35,644	98%
Professional fees	2,992	2,740	252	9%	6,834	5,352	1,482	28%
General, administrative and other	5,037	4,250	787	19%	9,894	8,362	1,532	18%
Contingent consideration expense	80	(140)	220	(157)%	470	(13)	483	(3,715)%
Amortization of intangibles	7,326	6,153	1,173	19%	14,574	12,334	2,240	18%
Strategic alliance expense	402	153	249	163%	805	305	500	164%
Total operating expenses	52,148	30,971	21,177	68%	104,530	62,649	41,881	67%
INCOME FROM OPERATIONS	10,324	15,767	(5,443)	(35)%	15,195	27,370	(12,175)	(44)%
OTHER (EXPENSE)/INCOME								
Interest expense, net	(5,426)	(1,525)	(3,901)	256%	(10,598)	(2,910)	(7,688)	264%
Other (expense)/income	(832)	791	(1,623)	(205)%	(719)	1,120	(1,839)	(164)%
Total other (expense)	(6,258)	(734)	(5,524)	753%	(11,317)	(1,790)	(9,527)	532%
Net income before income taxes	4,066	15,033	(10,967)	(73)%	3,878	25,580	(21,702)	(85)%
Income tax (expense)	(1,964)	(3,879)	1,915	(49)%	(1,007)	(6,634)	5,627	(85)%
NET INCOME	$ 2,102	$ 11,154	$ (9,052)	(81)%	$ 2,871	$ 18,946	$ (16,075)	(85)%

Revenues

Three Months Ended June 30, 2023 and June 30, 2022

Our revenue is composed almost entirely of recurring management and advisory fees, with the vast majority of fees earned on committed capital that is typically subject to ten to fifteen year lock up agreements, therefore our average fee rates have remained stable at approximately 1% for the three months ended June 30, 2023 and June 30, 2022. For the three months ended June 30, 2023 compared to the three months ended June 30, 2022, revenues increased by $15.7 million or 34% due to higher management fees from the impact of inorganic growth of $6.9 million driven by the acquisition of WTI and $8.8 million of organic growth across Bonaccord, Hark, ECG, RCP, and Truebridge.

Management and advisory fees increased by $15.2 million, or 33%, to $61.7 million for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 due to inorganic growth due to the acquisition of WTI which brought $6.9 million of revenue in the first quarter of 2023 and organic FPAUM growth at Bonaccord, Hark, RCP, TrueBridge, and ECG were the primary drivers of the increase in management and advisory fees of $8.3 million. Catch-up fees for the three months ended June 30, 2023 were $4.7 million associated with the fund closings at Bonaccord, TrueBridge and RCP.

Other revenues, which represent ancillary elements of our business, increased by $0.5 million or 184% to $0.8 million for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 driven primarily by an increase of $0.6 million of interest income in other revenue.

Six Months Ended June 30, 2023 and June 30, 2022

Our revenue is composed almost entirely of recurring management and advisory fees, with the vast majority of fees earned on committed capital that is typically subject to ten to fifteen year lock up agreements, therefore our average fee rates have remained stable at approximately 1% for the six months ended June 30, 2023 and June 30, 2022. For the six months ended June 30, 2023 compared to the six months ended June 30, 2022, revenues increased by $29.7 million or 33% due to higher management fees from the impact of inorganic growth of $14.0 million driven by the acquisition of WTI and $15.7 million of organic growth across Bonaccord, Hark, ECG, RCP, and Truebridge.

Management and advisory fees increased by $28.8 million, or 32%, to $118.2 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 due to inorganic growth due to the acquisition of WTI which brought $14.0 million of revenue in the first quarter of 2023 and organic FPAUM growth at Bonaccord, Hark, RCP, TrueBridge, and ECG were the primary drivers of the increase in management and advisory fees of $14.8 million. Catch-up fees for the six months ended June 30, 2023 were $7.8 million associated with the fund closings at Bonaccord, TrueBridge and RCP.

Other revenues, which represent ancillary elements of our business, increased by $0.9 million or 174% to $1.5 million for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 driven primarily by an increase of $0.7 million of interest income in other revenue.

	For the three months ended June 30,				For the six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
OPERATING EXPENSES	(in thousands)				(in thousands)			
Compensation and benefits	$ 36,311	$ 17,815	$ 18,496	104 %	$ 71,953	$ 36,309	$ 35,644	98 %
Professional fees	2,992	2,740	$ 252	9 %	6,834	5,352	1,482	28 %
General, administrative, and other	5,037	4,250	$ 787	19 %	9,894	8,362	1,532	18 %
Contingent consideration expense	80	(140)	$ 220	(157)%	470	(13)	483	(3,715)%
Amortization of intangibles	7,326	6,153	$ 1,173	19 %	14,574	12,334	2,240	18 %
Strategic alliance expense	402	153	$ 249	163 %	805	305	500	164 %
Total operating expenses	$ 52,148	$ 30,971	$ 21,177	68 %	$ 104,530	$ 62,649	$ 41,881	67 %

Operating Expenses

For the Three Months Ended June 30, 2023 and June 30, 2022

Total operating expenses increased by $21.2 million, or 68%, to $52.1 million for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This increase was primarily due to increases in compensation and benefits as well as amortization expense.

Compensation and benefits expense increased by $18.5 million, or 104%, to $36.3 million, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. The acquisition of WTI added $2.7 million of compensation expense in the first half of 2023. Stock compensation contributed to $5.3 million of the increase, of which $2.2 million relates to acquisition activity. An additional $2.1 million of the increase in stock compensation expense is attributable to management compensation as a result of amended employment agreements executed during the second quarter of 2023. The earn out and bonus accruals associated with the acquisition of WTI as discussed in Note 14 in the Notes to the Consolidated Financial Statements contributed $6.4 million. Additionally, there was a $4.2 million increase associated with an increase in headcount and associated benefits across all subsidiaries.

Professional fees increased by $0.3 million, or 9%, to $3.0 million. The primary cost in professional fees for the three months ended June 30, 2023 and 2022 are tax fees associated with year end reporting and strategic planning.

General, administrative and other increased by $0.8 million, or 19%, to $5.0 million, due primarily to the acquisition of WTI.

Contingent consideration expense increased by $0.2 million, to $0.1 million, for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022. This was driven by remeasurement during the periods of contingent consideration payable in connection with the acquisitions of Hark and Bonaccord.

Amortization of intangibles increased by $1.2 million, or 19%, to $7.3 million, for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022. This is due to the acquisition of WTI.

For the Six Months Ended June 30, 2023 and June 30, 2022

Total operating expenses increased by $41.9 million, or 67%, to $104.5 million for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This increase was primarily due to increases in compensation and benefits as well as amortization expense.

Compensation and benefits expense increased by $35.6 million, or 98%, to $72.0 million, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. The increase was driven by a number of factors. The acquisition of WTI added $5.9 million of compensation expense in the first half of 2023. Stock compensation contributed to $10.9 million of the increase, of which $6.7 million relates to acquisition activity. Management compensation contributed to the increase in stock compensation by $2.1 million as a result of amended employment agreements executed during the second quarter of 2023. The earn out and bonus accruals associated with the acquisition of WTI as discussed in Note 14 in the footnotes to the consolidated financial statements contributed $12.8 million. The final driver is a $6.1 million increase associated with an increase in headcount and associated benefits across all subsidiaries.

Professional fees increased by $1.5 million, or 28%, to $6.8 million. The primary cost in professional fees for the six months ended June 30, 2023 and 2022 are tax fees associated with year end reporting and strategic planning and audit expenses.

General, administrative and other increased by $1.5 million, or 18%, to $9.9 million, due primarily to the acquisition of WTI.

Contingent consideration expense increased by $0.5 million, to $0.5 million, for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. This was driven by remeasurement during the periods of contingent consideration payable in connection with the acquisitions of Hark and Bonaccord.

Amortization of intangibles increased by $2.2 million, or 18%, to $14.6 million, for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. This is due to the acquisition of WTI.

Other Income (Expense)

For the Three Months Ended June 30, 2023 and June 30, 2022

Other expenses increased by $5.5 million, or 753%, to $6.3 million for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. This increase was driven by a rise in interest expense of $3.9 million. The increase in interest expense correlates to the increase in the principal balance outstanding of our Revolving Credit Facility and Term Loan of $84.3 million from the second quarter of 2022 to the second quarter of 2023 as well as rising interest rates. The increase in principal balances primarily relates to the acquisition of WTI.

For the Six Months Ended June 30, 2023 and June 30, 2022

Other expenses increased by $9.5 million, or 532%, to $11.3 million for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This increase was driven by a rise in interest expense of $7.7 million. The increase in interest expense correlates to the increase in the principal balance outstanding of our Revolving Credit Facility and Term Loan of $84.3 million from the first six months of 2022 to the first six months of 2023 as well as rising interest rates. The increase in principal balances primarily relates to the acquisition of WTI.

Income Tax Expense/Benefit

For the Three Months Ended June 30, 2023 and June 30, 2022

Income tax expense decreased by $1.9 million to $2.0 million for the three months ended June 30, 2023 compared to an expense of $3.9 million for the three months ended June 30, 2022. The decrease was due to lower pre-tax income during the period.

For the Six Months Ended June 30, 2023 and June 30, 2022

Income tax expense decreased by $5.6 million to $1.0 million for the six months ended June 30, 2023 compared to an expense of $6.6 million for the six months ended June 30, 2022. The decrease was due to lower pre-tax income during the period.

FPAUM

The following table provides a period-to-period roll-forward of our fee paying assets under management on a pro forma basis as if WTI was acquired on January 1, 2022.

	For the three months ended June 30, 2023 (in millions)	For the three months ended June 30, 2022 (in millions)	For the six months ended June 30, 2023 (in millions)	For the six months ended June 30, 2022 (in millions)
Balance, Beginning of Period	$ 21,601	$ 19,277	$ 21,206	$ 19,032
Add:				
Acquisitions	—	—	—	—
Capital raised (1)	1,056	944	1,721	1,440
Capital deployed (2)	216	328	461	552
Net Asset Value Change (3)	(29)	(70)	(47)	(130)
Less:				
Scheduled fee base stepdowns	(214)	(32)	(284)	(132)
Expiration of fee period	(465)	(269)	(892)	(585)
Balance, End of period	$ 22,165	$ 20,178	$ 22,165	$ 20,177

(1) Represents new commitments 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.

The following table provides a period-to-period roll-forward of our fee paying assets under management on an actual basis.

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
	(in millions)	(in millions)	(in millions)	(in millions)
Balance, Beginning of Period	$ 21,601	$ 17,593	$ 21,206	$ 17,263
Add:				
Acquisitions	—	—	—	—
Capital raised [(1)]	1,056	944	1,721	1,440
Capital deployed [(2)]	216	212	461	435
Net Asset Value Change [(3)]	(29)	4	(47)	8
Less:	—			
Scheduled fee base stepdowns	(214)	(30)	(284)	(109)
Expiration of fee period	(465)	(269)	(892)	(585)
Balance, End of period	$ 22,165	$ 18,454	$ 22,165	$ 18,452

(1) Represents new commitments 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.

FPAUM as of June 30, 2023

FPAUM increased by $0.6 billion or 2.6% to $22.2 billion on a pro forma basis and actual basis for the three months ended June 30, 2023, due primarily to an increase in capital raise and deployed from our private equity and venture capital solutions and offset by stepdowns and expirations. FPAUM increased by $1.0 billion, or 4.5%, to $22.2 billion on a pro forma basis and actual basis for the six months ended June 30, 2023, due primarily to an increase in capital raised and deployed from our private equity and venture capital solutions and offset by stepdowns and expirations. Our FPAUM growth and concentration across solutions and vehicles has been relatively consistent over time but can vary in particular periods due to the systematic fundraising cycles of new funds, which typically lasts 12-24 months. We expect to continue to expand our fundraising efforts and grow FPAUM with the launch of new specialized investment vehicles and asset class solutions.

Non-GAAP Financial Measures

Below is a description of our unaudited non-GAAP financial measures. These are not measures of financial performance under GAAP and should not be construed as a substitute for the most directly comparable GAAP measures, which are reconciled below. These measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these measures in isolation or as a substitute for GAAP measures. Other companies may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

We use Adjusted Net Income, or ANI, as well as Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) to provide additional measures of profitability. We use the measures to assess our performance relative to our intended strategies, expected patterns of profitability, and budgets, and use the results of that assessment to adjust our future activities to the extent we deem necessary. ANI reflects our actual cash flows generated by our core operations. ANI is calculated as Adjusted EBITDA, less actual cash paid for interest and federal and state income taxes.

In order to compute Adjusted EBITDA, we adjust our GAAP net income for the following items:

- Expenses that typically do not require us to pay them in cash in the current period (such as depreciation, amortization and stock-based compensation);
- The cost of financing our business;
- Acquisition-related expenses which reflects the actual costs incurred during the period for the acquisition of new businesses, which primarily consists of fees for professional services including legal, accounting, and advisory, as well as bonuses paid to employees directly related to the acquisition;
- Registration-related expenses includes professional services associated with our prospectus process incurred during the period, and does not reflect expected regulatory, compliance, and other costs associated with those that were incurred subsequent to our IPO; and
- The effects of income taxes.

The cash income taxes paid during the periods differ significantly from the net income tax expense, which is primarily comprised of deferred tax expense as described in the results of operations.

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
	(in thousands)		(in thousands)	
Net income	$ 2,102	$ 11,154	$ 2,871	$ 18,946
Adjustments:				
Depreciation & amortization	7,856	6,264	15,626	12,540
Interest expense, net	5,426	1,525	10,598	2,910
Income tax expense	1,964	3,878	1,007	6,633
Non-recurring expenses	3,017	208	5,176	2,938
Non-cash stock based compensation	5,799	2,717	8,398	4,232
Non-cash stock based compensation - acquisitions	2,272	—	6,773	—
Earn out related compensation	6,394	—	12,787	—
Adjusted EBITDA	34,830	25,746	63,236	48,199
Less:				
Cash interest expense	(7,141)	(1,892)	(10,003)	(2,290)
Cash income taxes, net of taxes related to acquisitions	(1,030)	(664)	(1,088)	(428)
Adjusted Net Income	$ 26,659	$ 23,190	$ 52,145	$ 45,481

Financial Position, Liquidity and Capital Resources

Selected Statements of Financial Position

	As of As of June 30, 2023	As of December 31, 2022	$ Change	% Change
	(in thousands)			
Cash and cash equivalents (including restricted cash)	$ 24,861	$ 29,492	$ (4,631)	(16)%
Goodwill and other intangibles	643,890	658,433	(14,543)	(2)%
Total assets	819,741	826,360	(6,619)	(1)%
Debt obligations	271,735	289,224	(17,489)	(6)%
Stockholders' equity	$ 435,076	$ 433,883	$ 1,193	0%

There was a decrease in cash and cash equivalents of $4.6 million from December 31, 2022 to $24.9 million as of June 30, 2023 primarily due to timing of debt facility maturities and associated repayments. There was a decrease in goodwill and intangible assets of $14.5 million due to amortization of intangibles during the six months ended June 30, 2023. Remaining total assets increased in the same period by $9.9 million. The increase is driven by an increase in accounts receivable from related parties which is primarily due to ECG's Advisory Agreement with Enhanced PC and Crossroads.

Debt obligations declined by $17.5 million which is driven by payments towards the revolver and term loan balances during the period.

Historical Liquidity and Capital Resources

We have continued to support our ongoing operations through the receipt of management and advisory fee revenues. However, to fund our continued growth, we have utilized capital obtained through debt and equity raises. Our ability to continue to raise funds will be critical as we pursue additional business development opportunities and new acquisitions.

On December 22, 2021, P10, Inc. entered into a Term Loan and Revolving Credit Facility with JP Morgan Chase Bank, N.A.. The term loan and revolving credit facility provides financing for acquisition activity. The term loan provides for a $125.0 million facility and the revolving credit facility provides for an additional $125.0 million. There is also a $125 million accordion feature available in the credit agreement, which we exercised in September 2022. The accordion was not drawn until October 2022, at which point it was divided to $87.5 million of term loan and $37.5 million of revolver.

Both facilities are Term SOFR Loans. The Company can elect one or three months for the Revolver Facility and three or six months for the Term Loan. Principal is contractually repaid at a rate of 1.25% on the term loan quarterly effective March 31, 2023. The Revolving Credit Facility has no contractual principal repayments until maturity, which is December 22, 2025 for both facilities.

In September 2022, the Company exercised the accordion feature of the Credit Agreement. There were no draws made until the fourth quarter of 2022. The Company incurred $1.4 million of up front fees during the exercise which are reflected as debt obligations on the Consolidated Balance Sheets.

As of June 30, 2023, the Term Loan with a balance of $207.2 million is incurring interest at a weighted average SOFR rate of 7.28%. As of June 30, 2023, the Revolver Facility is split into six tranches. The total principal outstanding is $68.0 million and the average SOFR rate amongst the tranches is 7.31%. The tranches are all incurring interest at a set rate for one, three, or six month periods and are subsequently reset at the current SOFR rate. Refer to Note 12 for further details provided on the tranches and associated interest periods.

The Credit Agreement contains affirmative and negative covenants typical of such financing transactions, and specific financial covenants which require P10 to maintain a minimum leverage ratio of less than or equal to 3.50. As of June 30, 2023, P10 was in compliance with its financial covenants required under the facility. The Company has incurred $10.6 million in interest expense for the six months ended June 30, 2023.

Cash Flows

Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

The following table reflects our cash flows for the six months ended June 30, 2023 and 2022:

	For the Six Months Ended June 30,			
	2023	2022	$ Change	% Change
	(in thousands)			
Net cash provided by operating activities	$ 29,207	$ 23,171	$ 6,036	26%
Net cash (used in) investing activities	(627)	(320)	(307)	96%
Net cash (used in) financing activities	(33,211)	(40,989)	7,778	(19)%
Increase (decrease) in cash and cash equivalents and restricted cash	$ (4,631)	$ (18,138)	$ 13,508	(74)%

Operating Activities

Six Months Ended June 30, 2023 and June 30, 2022

Cash from operating activities increased by $6.0 million, or 26%, to $29.2 million for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. The components of this net increase primarily consisted of the following changes in operating assets and liabilities:

- An increase in revenues of $29.7 million associated with the acquisition of WTI as well as additional fund closings;
- A decrease of $10.8 million in the current year of cash received related to the Advisory Agreement at Enhanced compared to the first half of 2022;
- An increase of restricted cash used of $7.0 million related to operations of Enhanced projects; and
- An increase of cash used for bonus payments of $1 million as a result of timing.

Investing activities

Six Months Ended June 30, 2023 and June 30, 2022

The cash used in investing activities increased by $0.3 million, or 96%, to ($0.6) million, for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. This increase in cash used was due to additional property and equipment purchased in the first half of 2023.

Financing Activities

Six Months Ended June 30, 2023 and June 30, 2022

We recorded a net $33.2 million for the six months ended June 30, 2023 for cash used in financing activities, as compared to cash used in financing activities of $40.9 million for the six months ended June 30, 2022. The change is attributed to timing differences of revolver tranches subject to repayment and payments of contingent consideration.

Future Sources and Uses of Liquidity

We generate significant cash flows from operating activities. We believe that we will be able to continue to meet our current and long-term liquidity and capital requirements through our cash flows from operating activities, existing cash and cash equivalents, and our external financing activities which may include refinancing of existing indebtedness or the pay down of debt using proceeds of equity offerings.

Off Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any activities that expose us to any liability that is not reflected in our consolidated financial statements.

Contractual Obligations, Commitments and Contingencies

In the ordinary course of business, we enter contractual arrangements that require future cash payments. The following table sets forth information regarding our anticipated future cash payments under our contractual obligations as of June 30, 2023:

	Total	2023	2024	2025	2026	2027	Thereafter
				(in thousands)			
Operating lease obligations (1)	$ 25,005	$ 1,755	$ 3,959	$ 3,211	$ 2,917	$ 2,870	$ 10,293
Debt obligations (2)	275,188	5,313	10,625	259,250	—	—	—
Total	$ 300,193	$ 7,068	$ 14,584	$ 262,461	$ 2,917	$ 2,870	$ 10,293

1) We lease office space under agreements that expire periodically through 2032. The table only includes guaranteed minimum lease payments under these agreements and does not project other related payments.

2) Debt obligations presented in the table reflect scheduled principal payments related to the various debt instruments of the Company.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of the Company and its consolidated subsidiaries. The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. We believe the following critical accounting policies could potentially produce materially different results if we were to change the underlying assumptions, estimates, or judgements. See Note 2 of our consolidated financial statements for a summary of our significant accounting policies.

Basis of Presentation

The accompanying Consolidated Financial Statements are prepared in accordance with GAAP. Management believes it has made all necessary adjustments so that the Consolidated Financial Statements are presented fairly and that estimates made in preparing the Consolidated Financial Statements are reasonable and prudent. The Consolidated Financial Statements include the accounts of the Company, its wholly owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany transactions and balances have been eliminated upon consolidation. Certain entities in which the Company holds an interest are investment companies that follow specialized accounting rules under GAAP and reflect their investments at estimated fair value. Accordingly, the carrying value of the Company's equity method investments in such entities retains the specialized accounting treatment.

Principles of Consolidation

The Company performs the variable interest analysis for all entities in which it has a potential variable interest. If the Company has a variable interest in the entity and the entity is a variable interest entity ("VIE"), we will also analyze whether the Company is the primary beneficiary of this entity and if consolidation is required.

Generally, VIEs are entities that lack sufficient equity to finance their activities without additional financial support from other parties, or whose equity holders, as a group, lack one or more of the following characteristics: (a) direct or indirect ability to make decisions, (b) obligation to absorb expected losses or (c) right to receive expected residual returns. A VIE must be evaluated quantitatively and qualitatively to determine the primary beneficiary, which is the reporting entity that has (a) the power to direct activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

To determine a VIE's primary beneficiary, we perform a qualitative assessment to determine which party, if any, has the power to direct activities of the VIE and the obligation to absorb losses and/or receive its benefits. This assessment involves identifying the activities that most significantly impact the VIE's economic performance and determine whether we, or another party, has the power to direct those activities. When evaluating whether we are the primary beneficiary of a VIE, we perform a qualitative analysis that considers the design of the VIE, the nature of our involvement and the variable interests held by other parties. See Note 7 of our consolidated financial statements for further information.

The Company has determined that certain of its subsidiaries are VIEs, and that the Company is the primary beneficiary of the entities, because it has the power to direct activities of the entities that most significantly impact the VIE's economic performance and has a controlling financial interest in each entity. Accordingly, the Company consolidates these entities, which include P10 Intermediate, Holdco, RCP 2, RCP 3, TrueBridge, Hark, Bonaccord, and WTI. The assets and liabilities of the consolidated VIEs are presented gross in the Consolidated Balance Sheets. The liabilities of our consolidated VIE's are obligations of those entities and their creditors do not generally have recourse to the assets of P10. See Note 7 of our consolidated financial statements for more information on both consolidated and unconsolidated VIEs.

Entities that do not qualify as VIEs are assessed for consolidation as voting interest entities under the voting interest model. Under the voting interest model, the Company consolidates those entities it controls through a majority voting interest or other means. Five Points, P10 Holdings, and ECG are concluded to be consolidated subsidiaries of P10 under the voting interest model.

Revenue Recognition of Management Fees and Management Fees Received in Advance

Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services.

While the determination of who is the customer in a contractual arrangement will be made on a contract-by-contract basis, the customer will generally be the investment fund for the Company's significant management and advisory contracts.

Management and Advisory Fees

The Company earns management fees for asset management services provided to the Funds where the Company has discretion over investment decisions. The Company primarily earns fees for advisory services provided to clients where the Company does not have discretion over investment decisions. Management and advisory fees received in advance reflects the amount of fees that have been received prior to the period the fees are earned. These fees are recorded as deferred revenue on the Consolidated Balance Sheets.

For asset management and advisory services, the Company typically satisfies its performance obligations over time as the services are rendered, since the customers simultaneously receive and consume the benefits provided as the Company performs the service. The transaction price is the amount of consideration to which the Company expects to be entitled based on the terms of the arrangement. For certain funds, management fees are initially calculated based on committed capital during the investment period and on net invested capital through the remainder of the fund's term. Additionally, the management fee may step down for certain funds depending on the contractual arrangement. Advisory services are generally based upon fixed amounts and billed quarterly. Other advisory services include transaction and management fees associated with managing the origination and ongoing compliance of certain investments.

Income Taxes

Current income tax expense represents our estimated taxes to be paid or refunded for the current period. In accordance with ASC 740, we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount we believe is more likely than not to be realized.

Uncertain tax positions are recognized only when we believe it is more likely than not that the tax position will be upheld on examination by the taxing authorities based on the merits of the position. We recognize interest and penalties, if any, related to uncertain tax positions in income tax expense.

We file various federal and state and local tax returns based on federal and state local consolidation and stand- alone tax rules as applicable.

Item 3. Qualitative and Quantitative Disclosures about Market Risk.

In the normal course of business, we are exposed to a broad range of risks inherent in the financial markets in which we participate, including price risk, interest-rate risk, access to and cost of financing risk, liquidity risk, and counterparty risk. Potentially negative effects of these risks may be mitigated to a certain extent by those aspects of our investment approach, investment strategies or other business activities that are designed to benefit, either in relative or absolute terms, from periods of economic weakness, tighter credit or financial market dislocations.

Our predominant exposure to market risk is related to our role as general partner or investment manager for our specialized investment vehicles and the sensitivities to movements in the fair value of their investments and overall returns for our investors. Since our management fees are generally based on commitments or net invested capital, our management fee and advisory fee revenue is not significantly impacted by changes in investment values, but unfavorable changes in the value of the assets we manage could adversely impact our ability to attract and retain our investors.

Fair value of the financial assets and liabilities of our specialized investment vehicles may fluctuate in response to changes in the value of underlying assets, and interest rates.

Interest Rate Risk

As of June 30, 2023, we had $207.2 million in outstanding principal in Term Loan under our Term Loan and Revolving Credit Facility. The annual interest rate on the Term Loan is based on SOFR, subject to a floor of 0.10%, plus 2.00%. On June 30, 2023, the interest rate on these borrowings was 2.1% + SOFR. We estimate that a 100-basis point increase in the interest rate would result in an approximately $2.1 million increase in interest expense related to the loan over the next 12 months.

Credit Risk

We are party to agreements providing for various financial services and transactions that contain an element of risk in the event that the counterparties are unable to meet the terms of such agreements. In such agreements, we depend on the respective counterparty to make payment or otherwise perform. We generally endeavor to minimize our risk of exposure by limiting the counterparties with which we enter into financial transactions to reputable financial institutions. In other circumstances, availability of financing from financial institutions may be uncertain due to market events, and we may not be able to access these financing markets.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgement in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, under the supervision and with the participation of our Co-Chief Executive Officers and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Co-Chief Executive Officers and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective to provide reasonable assurance that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recent quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The information required with respect to this item can be found under “Contingencies” in Note 14, Commitments and Contingencies, to our consolidated financial statements included elsewhere in this annual report, and such information is incorporated by reference into this Item 1.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in “Risk Factors” included in our annual report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information about our repurchase activity with respect to shares of our common stock for the quarter ended June 30, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program (1)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
April 1 - 30, 2023	—	—	—	$ 18,936,024
May 1 - 31, 2023	—	—	—	$ 18,936,024
June 1 - 30, 2023	—	—	—	$ 18,936,024
Total	—	—	—	

(1) On May 12, 2022, we announced that our Board of Directors authorized a program to repurchase outstanding shares of our Class A and Class B common stock as of the date of authorization, not to exceed $20 million (the "Stock Repurchase Program"). On December 27, 2022, we announced that our Board of Directors authorized an additional $20 million for repurchases under the Stock Repurchase Program. The authorization provides us the flexibility to repurchase shares in the open market, in block trades, in accordance with Rule 10b5-1 trading plans, and/or through other legally permissible means, in privately negotiated transactions, from time to time, based on market conditions and other factors. The Stock Repurchase Program does not obligate P10 to acquire any particular amount of common stock and it may be terminated or amended by the Board of Directors at any time.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

Neither the Company nor any of our officers or directors adopted or terminated a Rule 10b5-1 or non-Rule 10b5-1 trading arrangement as defined by Item 408(a) and Item 408(d) of Regulation S-K during the last fiscal quarter.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of P10, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 26, 2021).
3.2	Amended and Restated Bylaws of P10, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on October 26, 2021).
4.1	Rights Agreement, dated as of October 20, 2021, by and among the Company and American Stock Transfer & Trust Company, LLC, as rights agent (incorporate by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 26, 2021).
10.1	Separation Agreement and General Release, dated as of May 12, 2023, by and among P10 Holdings, Inc., RCP Advisors 3, LLC and Jeff Gehl (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 15, 2023).
10.2	Amended & Restated Employment Agreement, dated as of May 12, 2023, by and between P10 Intermediate Holdings LLC, and Robert Alpert (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 15, 2023).
10.3	Amended & Restated Employment Agreement, dated as of May 12, 2023, by and between P10 Intermediate Holdings LLC, and C. Clark Webb (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on May 15, 2023).
10.4	Employment Agreement, dated as of May 12, 2023, by and among P10 Intermediate Holdings LLC and William F. Souder (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on May 15, 2023).
10.5*	Amendment No. 1 to Controlled Company Agreement, dated as of May 16, 2023
31.1*	Certification of Co-Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Co-Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3*	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Co-Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Co-Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

*   Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		P10, Inc.
Date: August 14, 2023	By:	/s/ Robert Alpert
		Robert Alpert
		Co-Chief Executive Officer and Chairman of the Board of Directors (Co-Principal Executive Officer)
Date: August 14, 2023	By:	/s/ C. Clark Webb
		C. Clark Webb
		Co-Chief Executive Officer and Director (Co-Principal Executive Officer)
Date: August 14, 2023	By:	/s/ Amanda Coussens
		Amanda Coussens
		Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

AMENDMENT NO. 1 TO

CONTROLLED COMPANY AGREEMENT

This AMENDMENT NO. 1 TO CONTROLLED COMPANY AGREEMENT (the "Amendment") is entered into as of May 16, 2023 to amend that Controlled Company Agreement dated as of October 20, 2021 (the "Controlled Company Agreement"), by and among the parties listed on the signature pages thereto, and shall be effective as of the Effective Date (as defined below). Capitalized terms not otherwise defined herein shall have the meanings ascribed in the Controlled Company Agreement.

WHEREAS, in connection with the consummation by Issuer of a Restructuring, the Issuer and Stockholders agreed to enter into the Controlled Company Agreement to govern certain of their rights, duties and obligations with respect to their ownership of Shares after consummation of the Restructuring.

WHEREAS, Jeff P. Gehl, the Trustee of the Jeff P. Gehl Living Trust dated January 25, 2011, a Restricted Stockholder, has elected to terminate his employment, service and association with RCP Advisors 2, LLC and RCP Advisors 3, LLC effective as of May 15, 2023 (the "Effective Date"), and in connection therewith, desires to be released from the rights, duties and obligations under the Controlled Company Agreement as a Restricted Stockholder.

WHEREAS, pursuant to Section 4.1 of the Controlled Company Agreement, each of the parties to the Controlled Company Agreement are entering into this Amendment to amend the Controlled Company Agreement to remove the Jeff P. Gehl Living Trust dated January 25, 2011 as a Restricted Stockholder on and after the Effective Date.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged the parties mutually agree as follows:

1. From and after the Effective Date, the term "Restricted Stockholders" as used in the Controlled Company Agreement shall mean the Stockholders listed on the signature pages of this Amendment, other than Jeff P. Gehl, the Trustee of the Jeff P. Gehl Living Trust dated January 25, 2011.

2. From and after the Effective Date, the term "RCP Stockholders" as used in the Controlled Company Agreement shall mean RCP Advisors 2, LLC and RCP Advisors 3, LLC, those parties listed on the signature pages of this Amendment under the heading RCP Stockholders, and any of their Permitted Transferees who hold Shares as of the applicable time.

3. This Amendment constitutes an amendment to and a part of the Controlled Company Agreement from and after the date hereof, and in the event of any inconsistencies between the provisions of this Amendment and the Controlled Company Agreement, the provisions of this Amendment shall control. However, except as expressly modified by this Amendment, the Controlled Company Agreement shall continue in full force and effect

and govern the parties' relationship with respect to matters addressed in the Controlled Company Agreement.

4. This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto.

[*The remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement or caused this Agreement to be executed on its behalf as of the date first written above.

ISSUER:

P10, INC.

By: /s/ Amanda Coussens
Name: Amanda Coussens
Title: CFO

[*Signature Page to Amendment No. 1 to Controlled Company Agreement*]

Jeff P. Gehl Living Trust dated January 25, 2011

By: /s/ Jeff P. Gehl
Name: Jeff P. Gehl
Its: Trustee

[*Signature Page to Amendment No. 1 to Controlled Company Agreement*]

<u>210 Stockholders:</u>

210/P10 ACQUISITION PARTNERS, LLC

By: 210 Capital, LLC
Its: Sole Member

By: Covenant RHA Partners, L.P.
Its: Member

By: /s/ Robert Alpert
Name: Robert Alpert
Its: Authorized Signatory

By: CCW/LAW Holdings, LLC
Its: Member

By: /s/ C. Clark Webb
Name: C. Clark Webb
Its: Authorized Signatory

[*Signature Page to Amendment No. 1 to Controlled Company Agreement*]

<u>RCP Stockholders:</u>

/s/ David McCoy

David McCoy

/s/ Alexander Abell

Alexander Abell

/s/ Michael Feinglass

Michael Feinglass

/s/ Andrew Nelson

Andrew Nelson

/s/ Nell Blatherwick

Nell Blatherwick

Thomas P. Danis, Jr. Revocable Living Trust dated March 10, 2003, as amended

By: /s/ Thomas P. Danis, Jr.

Name: Thomas P. Danis, Jr.

Its: Trustee

[*Signature Page to Amendment No. 1 to Controlled Company Agreement*]

RCP Stockholders (continued):

Charles K. Huebner Trust dated January 16, 2001

By: /s/ Charles K. Huebner
Name: Charles K. Huebner
Its: Trustee

Jon I. Madorsky Revocable Trust dated December 1, 2008

By: /s/ Jon I/ Madorsky
Name: Jon I. Madorsky
Its: Trustee

Souder Family LLC

By: /s/ William F. Souder
Name: William F. Souder
Its: General Partner

[*Signature Page to Amendment No. 1 to Controlled Company Agreement*]

TrueBridge Stockholders:

TrueBridge Colonial Fund, u/a dated 11/15/2015

By: /s/ Edwin Poston
Name: Edwin Poston
Its:

Mel Williams Irrevocable Trust u/a/d August 12, 2015
By: Alliance Trust Company, its Trustee

By: /s/ Mel Williams
Name: Mel Williams
Its:

TrueBridge Ascent LLC

By: /s/ Edwin Poston
Name: Edwin Poston
Its: GP

MAW Management Co.

By: /s/ Mel A. Williams
Name: Mel A. Williams
Its: Manager

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Alpert, certify that:

1. I have reviewed this Form 10-Q of P10, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Robert Alpert
Robert Alpert
Co-Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, C. Clark Webb, certify that:

1. I have reviewed this Form 10-Q of P10, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ C. Clark Webb
C. Clark Webb
Co-Chief Executive Officer

Exhibit 31.3

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Amanda Coussens, certify that:

1. I have reviewed this Form 10-Q of P10, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Amanda Coussens
Amanda Coussens
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of P10, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 14, 2023	By: /s/ Robert Alpert
	Robert Alpert
	Co-Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of P10, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 14, 2023

By: /s/ C. Clark Webb

C. Clark Webb
Co-Chief Executive Officer

Exhibit 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of P10, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 14, 2023	By: /s/ Amanda Coussens
	Amanda Coussens
	Chief Financial Officer