

Unaudited Quarterly Report to Shareholders for The Three Months Ended September 30, 2017



P10 Industries, Inc.

Delaware

(State of Incorporation)

74-2961657

(IRS Employer Identification No.)

8214 Westchester Drive

Suite 950

Dallas, TX 75225

(Address of principal executive office)

(214) 999-0149

(Company's telephone number)

Common Stock

\$0.001 Par Value

Trading Symbol: PIOE

Trading Market: OTC Pink Open Market

110,000,000 Common Shares Authorized

89,411,175 Shares Issued and 89,234,816 Shares Outstanding

As of October 23, 2017

Dear P10 Industries, Inc. Shareholders:

During the third quarter, the Company continued to pursue the monetization of its intellectual property. We believe the experience and background of newly elected Board member Rob Stewart should assist us in this endeavor going forward. Additionally, the Company continued to pursue the acquisition of profitable businesses.

After the completion of the quarter, on October 5, we closed on the acquisition of RCP Advisors 2, LLC and entered into a purchase agreement to acquire RCP Advisors 3, LLC in January, 2018 (collectively “RCP Advisors”). In addition to cash and seller notes, RCP Advisors received 44,171,233 newly issued shares of P10 Industries (representing approximately 49% of P10 Industries outstanding shares). These shares were distributed across the management team of RCP Advisors. They collectively became the largest shareholders of P10 Industries. Moreover, co-founders and managing partners of RCP Advisors, William “Fritz” Souder and Jeff Gehl, have joined the Board of Directors. Future quarterly reports will reflect the consolidation of these entities.

RCP Advisors (www.rcpadvisors.com) is a leading sponsor of private equity fund of funds, secondary funds, and co-investment funds. RCP Advisors also provides advisory and research services. RCP Advisors will be a wholly owned subsidiary of P10 Industries. All existing and future funds managed by RCP Advisors will help build shareholder value at P10 Industries. In the last twelve months RCP Advisors generated approximately \$23 million in revenue on an assets under management base of \$3.6 billion. RCP Advisors also manages \$1.0 billion of assets for which the management fees are earned by an entity which was not acquired by P10 Industries. We look forward to reporting their continued success.

The financial statements for the third quarter reflect some costs associated with our acquisition of RCP Advisors. We incurred \$.365 million of acquisition cost for legal and other fees which has been reflected as Administration Expense. In addition, we incurred \$.230 million of costs to secure financing for the transaction which has been classified as Prepaid Expense and will be classified as Deferred Financing Costs upon the completion of the transaction. These costs were incurred in the third quarter and were paid in the fourth quarter resulting in the increase in Accrued Liabilities. Additional costs will be incurred in the fourth quarter to complete the transaction.

We want to again thank Mark A. Ascolese, Daryl Dulaney, and Mark Hood for their leadership during this busy season for the Company. We are very grateful for their exceptional service to the Company and its shareholders.

We are excited about the future of P10 Industries, and we look forward to updating our shareholders in future periods.

Regards,

Robert H. Alpert & C. Clark Webb

P10 Industries, Inc.
Consolidated Balance Sheet
(in thousands, except par value)

	September 30, 2017	December 31, 2016
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,368	\$ 1,569
Accounts receivable, net	-	41
Prepaid expenses and other	256	65
Current assets of discontinued operations	-	-
Total current assets	4,624	1,675
Property and equipment, net	3	4
Deposits and other	-	173
Non-current assets of discontinued operations	-	-
Total assets	<u>\$ 4,627</u>	<u>\$ 1,852</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 8	\$ 31
Accrued expenses	521	1,639
Current liabilities of discontinued operations	-	-
Total current liabilities	529	1,670
Non-current liabilities of discontinued operations	-	-
Commitments and contingencies		
Stockholders equity:		
Preferred stock - \$0.001 par value; 2,000 shares authorized	-	-
Common stock - \$0.001 par value; 110,000 and 40,000 shares authorized at September 30, 2017 and December 31, 2016; 45,240 and 23,598 issued and 45,064 and 23,422 outstanding at September 30, 2017 and December 31, 2016	45	23
Treasury Stock	(273)	(273)
Additional paid-in capital	311,687	306,752
Accumulated deficit	(307,361)	(306,320)
Other accumulated comprehensive income	-	-
Total stockholders' equity	4,098	182
Total liabilities and stockholders' equity	<u>\$ 4,627</u>	<u>\$ 1,852</u>

P10 Industries, Inc.
Consolidated Statement of Operations and Comprehensive Loss
(in thousands, except par share amounts; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue	\$ -	\$ -	\$ -	\$ -
Cost of goods sold	-	-	-	-
Gross profit	-	-	-	-
Operating Expenses:				
Research and development	-	-	-	-
Selling and marketing	-	-	-	-
General and administrative	556	357	1,674	1,104
Total Operating Expenses	556	357	1,674	1,104
Loss from operations	(556)	(357)	(1,674)	(1,104)
Interest Expense	-	-	-	-
Other expense, net	-	-	-	-
Loss before income taxes	(556)	(357)	(1,674)	(1,104)
Income tax expense	-	-	-	-
Loss from continuing operations	(556)	(357)	(1,674)	(1,104)
Income (Loss) from discontinued operations	-	(801)	633	(5,946)
Loss on sale of discontinued operations	-	(174)	-	(174)
Net loss from discontinued operations	-	(975)	633	(6,120)
Net Loss	\$ (556)	\$ (1,332)	\$ (1,041)	\$ (7,224)
Net loss per share from continuing operations, basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.05)
Net loss per share from discontinued operations, basic and diluted	\$ -	\$ (0.04)	\$ -	\$ (0.26)
Shares used in computing net loss per share, basic and diluted	45,064	23,141	35,238	23,141
Comprehensive loss:				
Net loss	\$ (556)	\$ (1,332)	\$ (1,041)	\$ (7,224)
Translation loss on subsidiaries denominated in foreign currencies	-	(58)	-	(168)
Comprehensive loss	\$ (556)	\$ (1,390)	\$ (1,041)	\$ (7,392)

P10 Industries, Inc.
Consolidated Statements of Cash Flow
(in thousands; unaudited)

	Nine Months Ended September 30,	
	2017	2016
Operating activities		
Net loss	\$ (1,041)	\$ (7,224)
Adjustment for net loss from discontinued operations	(633)	(6,120)
Net loss from continuing operations	(1,674)	(13,344)
Adjustments to reconcile net loss to cash used in operating activities:		
Stock-based compensation	302	-
Depreciation expense	1	1
Changes in operating assets and liabilities:		
Accounts receivable	41	-
Prepaid expenses and other assets	(191)	-
Accounts payable	(23)	53
Accrued expenses	509	-
Net cash used in operating activities in continuing operations	(1,035)	(13,290)
Net cash used in operating activities from discontinued operations	(821)	9,921
Net cash used in operating activities	(1,856)	(3,369)
Investing activities		
Purchase of property and equipment	-	-
Net cash used in investing activities from continuing operations	-	-
Net cash used in investing activities from discontinued operations	-	(115)
Net cash used in investing activities	-	(115)
Financing activities		
Proceeds from sale of common stock	4,655	
Taxes paid related to the net share settlement of equity awards	-	(1)
Net cash used in financing activities from continuing operations	4,655	(1)
Net cash provided by (used in) financing activities	4,655	(1)
Effects of exchange rates on cash	-	(146)
Change in cash and cash equivalents	2,799	(3,631)
Cash and cash equivalents, beginning of period	1,569	12,260
Cash and cash equivalents, end of period	<u>\$ 4,368</u>	<u>\$ 8,629</u>