

**Unaudited Quarterly Report to Shareholders for  
The Three Months Ended  
June 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**

**45,239,941 Shares Issued and 45,063,583 Shares Outstanding**

**As of July 25, 2017**

Dear P10 Industries, Inc. Shareholders:

We have just completed our 2017 second quarter. In many regards it was an exciting and challenging quarter. As we announced on April 26, 2017 we exited our pre-packaged bankruptcy process successfully and focused after that on monetizing our patents, exploring opportunities for acquisitions, getting FINRA approval to return the trading of our shares on the OTC Pink market, and the completion of a number of activities related towards completing our 2016 tax filings.

In terms of our financial results the second quarter reflects the following transactional events:

- 210/P10 Investment LLC investment of \$4.65 million for 21.65 million shares of the company's common stock
- Satisfied all liabilities with Langley Holdings associated with the asset purchase agreement including their assumption of the Braker facility lease. This resulted in a cash payment of \$0.821 million and a net earnings improvement of \$.392 million reported as discontinued operations. The gain was the result of adjusting the balance sheet amounts related to the lease including: accrued lease settlement \$1.203 million, deferred rent \$0.183 million offset by the lease deposit \$0.173 million and the cash payment to Langley Holdings of \$.821 million.
- CEO agreement to a reduced salary and release from prior employment agreement in exchange for options to purchase 1.6 million shares of common stock resulted in an earnings improvement to discontinued operations of \$0.241 million associated with the reversal of the accrued 2015 bonus compensation. In addition, the G&A expense includes \$0.302 million in stock option compensation associated with the fully vested stock options granted on May 4, 2017 at a strike price of \$0.30 cents.

As we announced back in May, because of the exchange of our outstanding common stock for new shares that was implemented as part of the bankruptcy process, FINRA required us to change the trading symbol of our stock, which is now PIOE, and to go through a new process to regain open trading of our stock through the brokerage network. FINRA granted us that approval on June 16, 2017 and our shares have been trading on the OTC Pink market since that time. This was another important milestone for our shareholders and the company.

I know many of you are anxiously looking for an announcement from the company regarding our IP monetization and/or acquisition activities; we have been active in both of these objectives and we look forward to updating you on our progress in future quarters.

In closing, I want to thank you for the continued support you have shown for P10 Industries as we have gone through this process to position the company to increase shareholder value as we move forward.

Regards,

Mark A. Ascolese

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 4,635	\$ 1,569
Accounts receivable, net	-	41
Prepaid expenses and other	39	65
Current assets of discontinued operations	-	-
Total current assets	4,674	1,675
Property and equipment, net	4	4
Deposits and other	-	173
Non-current assets of discontinued operations	-	-
Total assets	\$ 4,678	\$ 1,852
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 16	\$ 31
Accrued expenses	8	1,639
Current liabilities of discontinued operations	-	-
Total current liabilities	24	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 June 20, 2017 and December 31, 2016; 45,240 and 23,598 issued and 45,064 and 23,422 outstanding at June 30, 2017 and December 31, 2016	45	23
Treasury Stock	(273)	(273)
Additional paid-in capital	311,687	306,752
Accumulated deficit	(306,805)	(306,320)
Other accumulated comprehensive income	-	-
Total stockholders' equity	4,654	182
Total liabilities and stockholders' equity	\$ 4,678	\$ 1,852

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	\$ -	\$ -	\$ -	\$ -
Cost of goods sold	-	-	-	-
Gross profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses:				
Research and development	-	-	-	-
Selling and marketing	-	-	-	-
General and administrative	640	327	1,118	747
Total Operating Expenses	<u>640</u>	<u>327</u>	<u>1,118</u>	<u>747</u>
Loss from operations	(640)	(327)	(1,118)	(747)
Interest Expense	-	-	-	-
Other expense, net	-	-	-	-
Loss before income taxes	<u>(640)</u>	<u>(327)</u>	<u>(1,118)</u>	<u>(747)</u>
Income tax expense	-	-	-	-
Loss from continuing operations	<u>(640)</u>	<u>(327)</u>	<u>(1,118)</u>	<u>(747)</u>
Income (Loss) from discontinued operations	633	(1,510)	633	(5,145)
Loss on sale of discontinued operations	-	-	-	-
Net loss from discontinued operations	<u>633</u>	<u>(1,510)</u>	<u>633</u>	<u>(5,145)</u>
Net Loss	<u>\$ (7)</u>	<u>\$ (1,837)</u>	<u>\$ (485)</u>	<u>\$ (5,892)</u>
Net loss per share from continuing operations, basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Net loss per share from discontinued operations, basic and diluted	\$ -	\$ (0.07)	\$ -	\$ (0.22)
Shares used in computing net loss per share, basic and diluted	36,983	23,141	30,240	23,140
Comprehensive loss:				
Net loss	\$ (7)	\$ (1,837)	\$ (485)	\$ (5,892)
Translation loss on subsidiaries denominated in foreign currencies	-	(54)	-	(110)
Comprehensive loss	<u>\$ (7)</u>	<u>\$ (1,891)</u>	<u>\$ (485)</u>	<u>\$ (6,002)</u>

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net loss	\$ (485)	\$ (5,892)
Adjustment for net loss from discontinued operations	(633)	5,145
Net loss from continuing operations	(1,118)	(747)
Adjustments to reconcile net loss to cash used in operating activities:		
Stock-based compensation	302	-
Depreciation expense	-	1
Changes in operating assets and liabilities:		
Accounts receivable	41	-
Prepaid expenses and other assets	26	-
Accounts payable	(15)	27
Accrued expenses	(4)	-
Net cash used in operating activities in continuing operations	(768)	(719)
Net cash used in operating activities from discontinued operations	(821)	(2,960)
Net cash used in operating activities	(1,589)	(3,679)
<b>Investing activities</b>		
Purchase of property and equipment	-	-
Net cash used in investing activities from continuing operations	-	-
Net cash used in investing activities from discontinued operations	-	(59)
Net cash used in investing activities	-	(59)
<b>Financing activities</b>		
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	-	(100)
Change in cash and cash equivalents	3,066	(3,839)
Cash and cash equivalents, beginning of period	1,569	12,260
Cash and cash equivalents, end of period	<u>\$ 4,635</u>	<u>\$ 8,421</u>