

**Unaudited Quarterly Report to Stockholders for  
The Three Months Ended  
March 31, 2018**



**P10 Holdings, 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 April 16, 2018**

## **Special Note Regarding Forward-Looking Statements**

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

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

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

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

April 30, 2018

Dear P10 Holdings Stockholder:

P10 Holdings was back to business as usual in the first quarter. We continue to pursue monetization strategies for our patent portfolio; however, the environment remains challenging.

RCP Advisors is living up to our very high expectations. The environment for private equity investing remains robust and RCP's expertise in the lower middle market continues to differentiate. Besides the normal capital raising and investing activities of its funds, RCP investigated a number of potential investments to expand its footprint. RCP has also explored providing credit to the lower middle market. We will keep you informed if any of these opportunities come to fruition.

As noted in our annual letter, the RCP transaction creates certain accounting entries that we believe hide the true economic power of RCP. This quarter's report also contains some of those entries. First RCP moved offices which resulted in a one-time charge of \$992,000 for the write off of leasehold improvements and the provision for the full amount of remaining lease costs. We will recover some of this reserve if and when we sublease our old offices in the future. Below is a reconciliation of our (non-GAAP) Adjusted EBITDA for the quarter and the Adjusted Cash Earnings figure we discussed in our last report as a measure we monitor (Adjusted EBITDA less Cash Interest Expense):

**Non GAAP Earnings Supplement:**

Net Loss	\$(2,470)
Add back:	
Depreciation	15
Asset impairment expense	138
Amortization of intangibles	2,683
Interest expense	2,337
EBITDA	<u>2,703</u>
Add back:	
Provision for idle facility	854
Adjusted EBITDA	<u>\$3,557</u>
Less cash interest expense	<u>(1,304)</u>
Adjusted Cash Earnings	<u><u>\$2,253</u></u>

Once again we would like to thank Jay Powers for all his efforts before, during and after Active Power's/P10 Holdings' bankruptcy and emergence. We appreciate his work to insure a smooth transition for the RCP finance team.

Sincerely,

Robert H. Alpert  
Co-CEO

C. Clark Webb  
Co-CEO

P10 Holdings, Inc.  
Consolidated Balance Sheets  
(in thousands, except par value)

	March 31, 2018	December 31, 2017
	(unaudited)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,046	\$ 2,109
Restricted cash	756	-
Accounts receivable third party, net	606	-
Accounts receivable from affiliates	151	339
Accounts receivable from funds	246	-
Prepaid expenses and other	227	307
Debt issuance costs, net	3,356	3,284
Property and equipment, net	53	1
Purchase consideration paid in advance	-	61,296
Intangibles, net	71,359	40,192
Goodwill	98,680	-
Deferred tax	1,911	1,911
Total assets	<u>\$ 181,391</u>	<u>\$ 109,439</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$ -	\$ 191
Accrued idle facility costs	1,007	-
Accrued interest	1,128	-
Accrued expenses, other	1,740	148
Deferred revenue	4,498	2,511
Loan payable to affiliate	759	-
Loan payable	59,588	11,700
Notes payable, net of discount	97,578	77,326
Commitments and contingencies	-	-
Common stock - \$0.001 par value; 110,000 and 40,000 shares authorized at March 31, 2018 and December 31, 2017; 89,411 and 23,598 issued and 89,235 and 23,414 outstanding at March 31, 2018 and December 31, 2017	89	89
Treasury stock	(273)	(273)
Additional paid-in capital	322,950	322,950
Accumulated deficit	(307,673)	(305,203)
Total stockholders' equity	<u>15,093</u>	<u>17,563</u>
Total liabilities and stockholders' equity	<u>\$ 181,391</u>	<u>\$ 109,439</u>

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

	Three Months Ended	
	March 31,	
	2018	2017
Revenues:		
Management fees	\$ 6,304	\$ -
Other revenue	759	-
Total revenue	7,063	-
Operating expenses:		
Compensation and benefits	2,331	205
Professional fees	295	196
General, administrative and other	895	77
Amortization of intangibles	2,683	-
Idle facility expense	992	-
Total operating expenses	7,196	478
(Loss) from operations	(133)	(478)
Interest expense implied on notes payable	(816)	-
Interest expense, net	(1,521)	-
Loss before income taxes	(2,470)	(478)
Income tax benefit	-	-
Loss from continuing operations	(2,470)	(478)
Income (loss) from discontinued operations	-	-
Net income (loss) from discontinued operations	-	-
Net loss	\$ (2,470)	\$ (478)
Net loss per share from continuing operations, basic and diluted	\$ (0.03)	\$ (0.02)
Shares used in computing net loss per share, basic and diluted	89,235	23,422

P10 Holdings, Inc.  
Consolidated Statements of Cash Flows  
(in thousands; unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Operating activities		
Net income (loss)	\$ (2,470)	\$ (478)
Adjustment for net income (loss) from discontinued operations	-	-
Net loss from continuing operations	(2,470)	(478)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation expense	15	-
Impairment of idle facility	138	-
Amortization of intangibles	2,683	-
Non-cash interest expense	1,033	-
Changes in operating assets and liabilities:		
Accounts receivable	100	41
Prepaid expenses and other assets	289	(32)
Deferred revenue	81	-
Accounts payable	(191)	2
Accrued expenses	1,233	2
Net cash provided by (used in) operating activities in continuing operations	2,911	(465)
Net cash used in operating activities from discontinued operations	-	-
Net cash provided by (used in) operating activities	2,911	(465)
Investing activities		
Acquisition of business, net of cash acquired	531	-
Purchase of property and equipment	(28)	-
Net cash used in investing activities from continuing operations	503	-
Net cash used in investing activities from discontinued operations	-	-
Net cash used in investing activities	503	-
Financing activities		
Proceeds from issuance of common stock	-	-
Principal payments on loans	(17,112)	-
Principal payments on notes	(44,368)	-
Proceeds from borrowing	60,759	-
Net cash provided by (used in) financing activities from continuing operations	(721)	-
Net cash provided by (used in) financing activities	(721)	-
Change in cash and cash equivalents	2,693	(465)
Cash and cash equivalents, beginning of period	2,109	1,569
Cash and cash equivalents, end of period	\$ 4,802	\$ 1,104