

**Unaudited Quarterly Report to Stockholders for
The Three Months Ended
September 30, 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 October 31st, 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 P10 Industries, Inc.) and its wholly-owned subsidiaries. References in this report to “\$” or “dollars” are to United States of America currency.

Dear P10 Stockholders:

RCP Advisors continued to successfully raise and deploy capital for its funds in the third quarter. The table below summarizes capital raised during the third quarter and the aggregate raised to date for each fund:

	<u>Quarterly Close</u> (in millions)	<u>Total</u> (in millions)
RCP Fund XIII	\$151.3	\$236.6
RCPDirect III	\$81.5	\$271.0
RCP Secondary Opportunity Fund III	\$39.9	\$246.0

In total, RCP Advisors raised \$272.7 million during the quarter across the three funds. Although the pace of fund raising can vary across quarters, we do expect to have additional closes in the fourth quarter, which should drive incremental, high margin management fees. All of the funds listed above expect to have their final closings during the first quarter of 2019. Subsequently, we will begin to launch new funds for investors.

The Company appointed Riley Nunn, CPA, as Interim CFO. Riley has been with P10 for 8 months and has done an excellent job as part of the RCP finance team. Prior to joining RCP, Riley was an Auditor with PricewaterhouseCoopers, and later had a senior accounting role at DexYP.

	Q1	Q2	Q3	YTD
Net Loss	(2,472)	(1,434)	(546)	(4,452)
Add back:				
Depreciation	15	7	7	29
Asset impairment	138	-	-	138
Amortization of intangibles	2,683	2,698	2,699	8,080
Interest expense, net	2,337	2,262	2,829	7,428
EBITDA	2,701	3,533	4,989	11,223
Provision for idle facility expense	854	-	-	854
Severance	-	316	-	316
Adjusted EBITDA	3,555	3,849	4,989	12,393

Thank you for your support and we look forward to updating you on our continued progress.

Sincerely,

Robert Alpert
Co-CEO

C. Clark Webb
Co-CEO

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

	September 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	\$ 5,566	\$ 2,109
Restricted cash	756	-
Accounts receivable third party, net	268	-
Accounts receivable from affiliates	159	339
Accounts receivable from funds	174	-
Prepaid expenses and other	105	307
Debt issuance costs, net	2,918	3,284
Property and equipment, net	40	1
Purchase consideration paid in advance	-	61,296
Intangibles, net	65,963	40,192
Goodwill	98,680	-
Deferred tax	1,911	1,911
Deposits and other	-	-
Total assets	\$ 176,540	\$ 109,439
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ -	\$ 191
Accrued idle facility costs	795	-
Accrued interest	1,390	-
Accrued expenses, other	1,953	148
Deferred revenue	5,804	2,511
Loan payable to affiliate	-	-
Loan payable	78,575	11,700
Notes payable, net of discount	74,678	77,326
Commitments and contingencies	-	-
Common stock - \$0.001 par value; 110,000 and 40,000 shares authorized at September 30, 2018 and December 31, 2017; 89,411 and 23,598 issued and 89,235 and 23,414 outstanding at September 30, 2018 and December 31, 2017	89	89
Treasury stock	(273)	(273)
Additional paid-in capital	323,184	322,950
Accumulated deficit	(309,655)	(305,203)
Total stockholders' equity	13,345	17,563
Total liabilities and stockholders' equity	\$ 176,540	\$ 109,439

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

	Three Months Ended		Nine Months Ended	
	Sept 30,		Sept 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:				
Management fees	\$ 7,770	\$ -	\$ 21,005	\$ -
Other revenue	467	-	1,561	-
Total revenue	<u>8,237</u>	<u>-</u>	<u>22,566</u>	<u>-</u>
Operating expenses:				
Compensation and benefits	2,250	-	7,176	-
Professional fees	144	-	620	-
General, administrative and other	861	556	2,722	1,674
Amortization of intangibles	2,699	-	8,080	-
Idle facility expense	-	-	992	-
Total operating expenses	<u>5,954</u>	<u>556</u>	<u>19,590</u>	<u>1,674</u>
Gain (Loss) from operations	2,283	(556)	2,976	-
Interest expense implied on notes payable	(1,226)	-	(2,916)	-
Interest expense, net	(1,603)	-	(4,512)	-
Other expense, net	-	-	-	-
Gain (Loss) before income taxes	<u>(546)</u>	<u>(556)</u>	<u>(4,452)</u>	<u>(1,674)</u>
Income Tax Benefit	-	-	-	-
Profit (Loss) from continuing operations	<u>(546)</u>	<u>(556)</u>	<u>(4,452)</u>	<u>(1,674)</u>
Income (loss) from discontinued operations	-	-	-	633
Net income (loss) from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>633</u>
Net loss	<u>\$ (546)</u>	<u>\$ (556)</u>	<u>\$ (4,452)</u>	<u>\$ (1,041)</u>
Net loss per share from continuing operations, basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)
Shares used in computing net loss per share, basic and diluted	89,235	45,064	89,235	35,238

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

	Nine Months Ended	
	September 30,	
	2018	2017
Operating activities		
Net income (loss)	\$ (4,452)	\$ (1,041)
Adjustment for net income (loss) from discontinued operations	-	(633)
Net loss from continuing operations	(4,452)	(1,674)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Stock-based compensation	235	302
Depreciation expense	29	1
Impairment of idle facility	138	
Amortization of intangibles	8,080	-
Non-cash interest expense	3,569	-
Changes in operating assets and liabilities:	-	
Accounts receivable	502	41
Prepaid expenses and other assets	411	(191)
Deferred revenue	1,387	-
Accounts payable	(191)	(23)
Accrued expenses	1,496	509
Net cash provided by (used in) operating activities in continuing operations	11,204	(1,035)
Net cash used in operating activities from discontinued operations	-	(821)
Net cash provided by (used in) operating activities	11,204	(1,856)
Investing activities		
Acquisition of business, net of cash acquired	531	-
Purchase of property and equipment	(29)	-
Net cash used in investing activities from continuing operations	502	-
Net cash used in investing activities from discontinued operations	-	-
Net cash used in investing activities	502	-
Financing activities		
Proceeds from issuance of common stock	-	4,655
Principal payments on loans	(23,125)	-
Principal payments on notes	(69,368)	-
Proceeds from borrowing	85,000	-
Net cash provided by (used in) financing activities from continuing operations	(7,493)	4,655
Net cash provided by (used in) financing activities	(7,493)	4,655
Change in cash and cash equivalents	4,213	2,799
Cash and cash equivalents, beginning of period	2,109	1,569
Cash and cash equivalents, end of period	\$ 6,322	\$ 4,368