

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

110,000,000 Common Shares Authorized

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

As of May 25, 2017

Dear P10 Industries, Inc. Shareholders:

As you know, we announced our delisting from NASDAQ in December of 2016. At that time we announced that we would endeavor to share updates of our operating results with our shareholders on a quarterly basis. This letter and the accompanying financial reports is the first such update.

In the future we hope to have this information out to you in a timely manner after the close of each fiscal quarter. This quarter's update is being sent out a little later than we would anticipate future updates because of all the activity surrounding our pre-packaged bankruptcy filing on March 22, 2017.

Our Q1 2017 financial results reflect the work we were engaged in to prepare for the pre-packaged filing and our continued efforts around the monetization of our intellectual property. With respect to our intellectual property, we have engaged a third party to help identify potential interested parties in licensing our remaining patents. We are engaged in a five-phase process and have currently identified some potential licensees that may have an interest in what we have to offer. We will try to keep you updated as this effort continues, and will make an announcement if and when we have material information we can share with you.

Our focus in the first quarter of 2017 included:

- Completing the audit of our 2016 financial statements;
- Filing our final annual report on form 10K before terminating our SEC reporting obligations;
- Preparing for the pre-packaged bankruptcy filing; and
- Continue negotiating with outside parties interested in investing in P10 Industries.

As you all know, we successfully exited the bankruptcy process early on April 26th, 34 days after we filed. We also closed a \$4.65 million investment from 210/P10 Investment LLC. This gives us the necessary capital in the near term to execute on our strategy.

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. As a result of this process, our stock did not trade at all for four days after our plan became effective and is currently traded on the "gray" market under the new symbol. Our stock will trade on the OTC Pink Sheets once FINRA gives their approval.

The bankruptcy process we went through was undertaken to terminate all liabilities related to the assets we sold to Langley Holdings in Q4 of last year, and residual contingent obligations associated with the legacy Active Power operations.

We are currently focused on executing on the plan we filed with the bankruptcy court to monetize our intellectual property and to acquire profitable companies.

In closing, I want to thank you for the 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)

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,104	\$ 1,569
Accounts receivable, net	-	41
Prepaid expenses and other	97	65
Current assets of discontinued operations	-	-
Total current assets	<u>1,201</u>	<u>1,675</u>
Property and equipment, net	4	4
Deposits and other	173	173
Non-current assets of discontinued operations	-	-
Total assets	<u>\$ 1,378</u>	<u>\$ 1,852</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 33	\$ 31
Accrued expenses	1,641	1,639
Current liabilities of discontinued operations	-	-
Total current liabilities	<u>1,674</u>	<u>1,670</u>
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; 40,000 shares authorized; 23, 598 and 23,598 issued and 23,422 and 23,422 outstanding at March 31, 2017 and December 31, 2016	23	23
Treasury Stock	(273)	(273)
Additional paid-in capital	306,752	306,752
Accumulated deficit	(306,798)	(306,320)
Other accumulated comprehensive income	-	-
Total stockholders' equity	<u>(296)</u>	<u>182</u>
Total liabilities and stockholders' equity	<u>\$ 1,378</u>	<u>\$ 1,852</u>

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

	Three Months Ended March 31,	
	2017	2016
Revenue	\$ -	\$ -
Cost of goods sold	-	-
Gross profit	-	-
Operating Expenses:		
Research and development	-	-
Selling and marketing	-	-
General and administrative	478	420
Total Operating Expenses	478	420
Loss from operations	(478)	(420)
Interest Expense	-	-
Other expense, net	-	-
Loss before income taxes	(478)	(420)
Income tax expense	-	-
Loss from continuing operations	(478)	(420)
Loss from discontinued operations	-	(3,635)
Loss on sale of discontinued operations	-	-
Net loss from discontinued operations	-	(3,635)
Net Loss	\$ (478)	\$ (4,055)
Net loss per share from continuing operations, basic and diluted	\$ (0.02)	\$ (0.02)
Net loss per share from discontinued operations, basic and diluted	\$ -	\$ (0.16)
Shares used in computing net loss per share, basic and diluted	23,422	23,139
Comprehensive loss:		
Net loss	\$ (478)	\$ (4,055)
Translation loss on subsidiaries denominated in foreign currencies	-	(56)
Comprehensive loss	\$ (478)	\$ (4,111)

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

	Three Months Ended	
	March 31,	
	2017	2016
Operating activities		
Net loss	\$ (478)	\$ (4,055)
Adjustment for net loss from discontinued operations	-	3,635
Net loss from continuing operations	(478)	(420)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation expense	-	-
Changes in operating assets and liabilities:		
Accounts receivable	41	-
Prepaid expenses and other assets	(32)	-
Accounts payable	2	13
Accrued expenses	2	-
Net cash used in operating activities in continuing operations	(465)	(407)
Net cash used in operating activities from discontinued operations	-	(545)
Net cash used in operating activities	(465)	(952)
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	-	(28)
Net cash used in investing activities	-	(28)
Financing activities		
Taxes paid related to the net share settlement of equity awards	-	(1)
Net cash used in financing activities from continuing operations	-	(1)
Net cash provided by (used in) financing activities	-	(1)
Effects of exchange rates on cash	-	(59)
Change in cash and cash equivalents	(465)	(1,040)
Cash and cash equivalents, beginning of period	1,569	12,260
Cash and cash equivalents, end of period	\$ 1,104	\$ 11,220