

**Unaudited Quarterly Report to Stockholders for
The Three Months Ended
June 30, 2019**



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 July 30th, 2019

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.

Letter updated September 12, 2019, 2019 to reflect the following changes:

	<u>Q2-2019</u>		<u>YTD 2019</u>	
Non-Cash Expenses	1,232	674	2,069	1,595
Non-Recurring Expense (Income)	(489)	--	(2,439)	(1,951)
Total Cash Earnings	4,175	4,106	7,518	7,532

Dear P10 Stockholders:

RCP Advisors continued to successfully raise and deploy capital for its funds in the second quarter. RCP launched its latest primary investment fund of fund vehicle, RCP Fund XIV. We are pleased with the reception and closed on \$60.3MM in June.

The table below outlines our cash earnings for YTD 2019:

	<u>Q1 - 2019</u>	<u>Q2 - 2019</u>	<u>YTD 2019</u>
Net Income	1,853	829	2,682
Add back:			
+Depreciation & Amortization	2,603	2,603	5,206
+Non-Cash Expenses	921	674	1,595
+Non-Recurring Expense (Income)	(1,951)	-	(1,951)
Total Cash Earnings	<u>3,426</u>	<u>4,106</u>	<u>7,532</u>
Shares outstanding	89,235	89,235	89,235
Diluted Shares outstanding	94,261	94,594	94,594
Cash earnings per share	0.04	0.05	0.08
Diluted cash earnings per share	0.04	0.04	0.08

The following table outlines our cash earnings compared to June 30, 2018:

	<u>Q2 - 2019</u>	<u>Q2 - 2018</u>	<u>YTD 2019</u>	<u>YTD 2018</u>
Net Income	829	(1,436)	2,682	(3,906)
Add back:				
+Depreciation & Amortization	2,603	2,705	5,206	5,403
+Non-Cash Expenses	674	874	1,595	1,866
+Non-Recurring Expense (Income)	-	316	(1,951)	(257)
Total Cash Earnings	<u>4,106</u>	<u>2,459</u>	<u>7,532</u>	<u>3,105</u>
Shares outstanding	89,235	89,235	89,235	89,235
Diluted Shares outstanding	94,594	92,928	94,594	89,235
Cash earnings per share	0.05	0.03	0.08	0.03
Diluted cash earnings per share	0.04	0.03	0.08	0.03

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)

	June 30, 2019	December 31, 2018
	<u>(unaudited)</u>	
ASSETS		
Cash and cash equivalents	\$ 14,479	\$ 8,195
Restricted cash	756	756
Accounts receivable third party	687	624
Receivables from affiliates	82	104
Accounts receivable from funds	493	281
Prepaid expenses and other	185	200
Property and equipment, net	43	46
Capitalized leased assets	4,830	-
Deferred tax assets	10,846	10,846
Intangibles, net	58,994	64,184
Long-term investments	850	-
Goodwill	98,680	98,680
Total assets	<u>\$ 190,925</u>	<u>\$ 183,916</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 22	\$ 80
Accrued expenses	2,853	4,100
Post-closing payment	500	875
Deferred revenues	6,073	6,145
Long-term lease obligation	5,694	-
Credit and guarantee facility, net	108,668	90,129
Loans payable	-	-
Notes payable to sellers, net	40,158	58,677
Total liabilities	163,968	160,006
STOCKHOLDERS' EQUITY		
Common stock - \$0.001 par value; 110,000 and 110,000 shares authorized, respectively; 89,411 and 89,411 issued, respectively; 89,235 and 89,235 outstanding, respectively	89	89
Treasury stock	(273)	(273)
Additional paid-in-capital	323,674	323,309
Accumulated deficit	(296,533)	(299,215)
Total stockholders' equity	<u>26,957</u>	<u>23,910</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 190,925</u>	<u>\$ 183,916</u>

P10 Holdings, Inc
Consolidated Statements of Operations and Comprehensive Income
(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
	(unaudited)		(unaudited)	
REVENUES				
Management fees	\$ 9,091	\$ 6,931	\$ 19,927	\$ 13,235
Other revenue	921	335	1,316	1,094
Total revenues	10,012	7,266	21,243	14,329
OPERATING EXPENSES				
Compensation and benefits	2,681	2,595	5,374	4,926
Professional fees	277	181	358	476
General, administrative and other	974	966	2,117	1,861
Amortization of intangibles	2,595	2,698	5,191	5,381
Idle facility expense	-	-	-	992
Total operating expenses	6,527	6,440	13,040	13,636
INCOME FROM OPERATIONS	3,485	826	8,203	693
OTHER INCOME (EXPENSE)				
Interest expense implied on notes payable to sellers	(493)	(874)	(1,232)	(1,690)
Interest expense, net	(2,163)	(1,388)	(4,289)	(2,909)
Total other income (expense)	(2,656)	(2,262)	(5,521)	(4,599)
Net income (loss) before income taxes	829	(1,436)	2,682	(3,906)
Income tax benefit	-	-	-	-
NET INCOME (LOSS)	\$ 829	\$ (1,436)	\$ 2,682	\$ (3,906)
Earnings per share from continuing operations:				
Diluted earnings per share	\$ 0.01	\$ (0.02)	\$ 0.03	\$ (0.04)
Basic earnings per share	\$ 0.01	\$ (0.02)	\$ 0.03	\$ (0.04)
Weighted average shares outstanding, basic	89,235	89,235	89,235	89,235
Weighted average shares outstanding, diluted	94,594	89,235	94,594	89,235
Comprehensive income:	\$ 829	\$ (1,436)	\$ 2,682	\$ (3,906)

Note that dilutive shares are excluded for June 30, 2018 as their inclusion would be anti-dilutive.

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

	Six Months Ended	
	June 30,	
	2019	2018
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,682	\$ (3,906)
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	365	109
Depreciation expense	15	22
Amortization of intangibles	5,191	5,381
Amortization of debt issuance costs and debt discount	1,595	2,126
Capitilization of leases	838	-
Change in operating assets and liabilities		
Accounts receivable from affiliates, third party and funds	(253)	565
Prepaid expenses and other	15	322
Accounts payable	(58)	(191)
Accrued expenses	(1,223)	1,279
Deferred revenues	(72)	599
Net cash provided by operating activities	9,095	6,306
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of RCP Advisors 3	-	531
Post-closing payments for Columbia Partners assets	(375)	-
Long-term investments	(850)	
Loss on disposal of property and equipment	-	138
Purchase of property and equipment	(12)	(29)
Net cash provided by (used in) investing activities	(1,237)	640
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable to sellers	(19,750)	(44,368)
Repayment of loans payable	-	(21,025)
Borrowings on credit and guarantee agreement facility	19,750	60,000
Repayments on credit and guarantee agreement facility	(1,573)	-
Net cash used in financing activities	(1,573)	(5,393)
Net change in cash and cash equivalents	6,284	1,553
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	8,951	2,109
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$ 15,235	\$ 3,662
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 4,179	\$ 1,058
Cash paid for income taxes	\$ -	\$ -