

**Unaudited Quarterly Report to Stockholders for
The Three Months Ended
September 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 October 31st, 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.

Dear P10 Stockholders:

RCP Advisors continued to successfully raise and deploy capital for its funds in the third quarter. RCP continued raising commitments for its latest primary investment fund of fund vehicle, RCP Fund XIV. RCP held a second close for Fund XIV in August at \$122MM, bringing the total commitments for Fund XIV to \$182MM.

The table below outlines P10's Cash Earnings, which is the primary metric that management uses when evaluating the business. Please find our GAAP financials following this letter.

	Q1 - 2019	Q2 - 2019	Q3 - 2019	YTD 2019
Net Income	1,853	829	1,179	3,861
Add back:				
+Depreciation & Amortization	2,603	2,603	2,603	7,809
+Non-Cash Expenses	921	674	517	2,112
+Non-Recurring Expense (Income)	(1,951)	-	-	(1,951)
Total Cash Earnings	<u>3,426</u>	<u>4,106</u>	<u>4,298</u>	<u>11,831</u>
Shares outstanding	89,235	89,235	89,235	89,235
Diluted Shares outstanding	94,261	94,594	94,706	94,706
Cash earnings per share	0.04	0.05	0.05	0.13
Diluted cash earnings per share	0.04	0.04	0.05	0.12

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 2019	December 31, 2018
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 16,180	\$ 8,195
Restricted cash	756	756
Accounts receivable third party	1,321	624
Receivables from affiliates	76	104
Accounts receivable from funds	297	281
Prepaid expenses and other	194	200
Property and equipment, net	38	46
Capitalized leased assets	4,653	-
Deferred tax assets	10,846	10,846
Intangibles, net	56,397	64,184
Long-term investments	850	-
Goodwill	98,680	98,680
Total assets	\$ 190,288	\$ 183,916
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ -	\$ 80
Accrued expenses	2,898	4,100
Post-closing payment	375	875
Deferred revenues	7,045	6,145
Long-term lease obligation	5,499	-
Credit and guarantee facility, net	105,642	90,129
Loans payable	-	-
Notes payable to sellers, net	40,494	58,677
Total liabilities	161,953	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	323,873	323,309
Accumulated deficit	(295,354)	(299,215)
Total stockholders' equity	28,335	23,910
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 190,288	\$ 183,916

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

	Three Months Ended		Nine Months Ended	
	Sept 30,		Sept 30,	
	2019	2018	2019	2018
	(unaudited)		(unaudited)	
REVENUES				
Management fees	\$ 9,105	\$ 7,770	\$ 29,032	\$ 21,005
Other revenue	982	467	2,298	1,561
Total revenues	10,087	8,237	31,330	22,566
OPERATING EXPENSES				
Compensation and benefits	2,597	2,250	7,971	7,176
Professional fees	157	144	515	620
General, administrative and other	884	861	3,001	2,722
Amortization of intangibles	2,596	2,699	7,787	8,080
Idle facility expense	-	-	-	992
Total operating expenses	6,234	5,954	19,274	19,590
INCOME FROM OPERATIONS	3,853	2,283	12,056	2,976
OTHER INCOME (EXPENSE)				
Interest expense implied on notes payable to sellers	(335)	(1,226)	(1,567)	(2,916)
Interest expense, net	(2,339)	(1,603)	(6,628)	(4,512)
Total other income (expense)	(2,674)	(2,829)	(8,195)	(7,428)
Net income (loss) before income taxes	1,179	(546)	3,861	(4,452)
Income tax benefit	-	-	-	-
NET INCOME (LOSS)	\$ 1,179	\$ (546)	\$ 3,861	\$ (4,452)
Earnings per share from continuing operations:				
Diluted earnings per share	\$ 0.01	\$ (0.01)	\$ 0.04	\$ (0.05)
Basic earnings per share	\$ 0.01	\$ (0.01)	\$ 0.04	\$ (0.05)
Weighted average shares outstanding, basic	89,235	89,235	89,235	89,235
Weighted average shares outstanding, diluted	94,706	89,235	94,706	89,235
Comprehensive income:	\$ 1,179	\$ (546)	\$ 3,861	\$ (4,452)

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)

	Nine Months Ended	
	September 30,	
	2019	2018
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,861	\$ (3,906)
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	563	109
Depreciation expense	22	22
Amortization of intangibles	7,787	5,381
Amortization of debt issuance costs and debt discount	2,112	2,126
Capitization of leases	838	-
Change in operating assets and liabilities		
Accounts receivable from affiliates, third party and funds	(685)	565
Prepaid expenses and other	6	322
Accounts payable	(80)	(191)
Accrued expenses	(1,194)	1,279
Deferred revenues	900	599
Net cash provided by operating activities	<u>14,130</u>	<u>6,306</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of RCP Advisors 3	-	531
Post-closing payments for Columbia Partners assets	(500)	-
Long-term investments	(850)	
Loss on disposal of property and equipment	-	138
Purchase of property and equipment	(14)	(29)
Net cash provided by (used in) investing activities	<u>(1,364)</u>	<u>640</u>
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	(4,781)	-
Net cash used in financing activities	<u>(4,781)</u>	<u>(5,393)</u>
Net change in cash and cash equivalents	7,985	1,553
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	<u>8,951</u>	<u>2,109</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of period	<u>\$ 16,936</u>	<u>\$ 3,662</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	<u>\$ 6,443</u>	<u>\$ 1,058</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>