



# TEN Holdings, Inc.

## NASDAQ - XHLD (IPO pending)

### Initiation Report – November 5, 2024

#### Premium Events Management Company with Major Upside From Strategic Moves and M&A

Analyst: Barry M. Sine, CFA, CMT

We initiate coverage of TEN Holdings Ahead of its Upcoming IPO

- TEN provides high-quality event streaming services for large corporate customers. Its service is much higher quality and reliable than mass market offerings such as Zoom or Team Meetings, but its pricing is higher and its product is more complex. Thus, its customers tend to utilize its service for their high visibility events such as with customers or internally for CEO presentations, but not for the majority of its meetings.
- To expand its addressable market, the company is developing a SaaS version of its product, which will preserve quality but be simpler and cheaper, to be ready by 2Q 2025. We expect this to substantially increase revenue and margins, as SaaS offerings typically carry high gross margins in the 90% range.
- The company is also revamping its sales and marketing team with this project well underway, as we discuss in this report.
- We expect these initiatives to boost organic revenue and margins and value the core business at around \$5 per share (pro forma for the IPO).
- TEN is also part of a larger ecosystem, 91% owned by Japanese company V-Cube (symbol 3681 on the Tokyo exchange). V-Cube operates a similar business in Japan and streams most of the corporate annual meetings there. TEN shares its headquarters building with two other companies started by its founder and that are very synergistic. Post-IPO we expect that all of these businesses will be merged, and value this new entity at around \$12, prior to dilution from transaction costs.
- We value the shares in between both scenarios to arrive at our \$8 price target.

		Pro forma using 27.5 million shares outstanding after IPO				
		<b>Earnings Per Share</b>				
		<b>FYE - December</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Proposed Ticker Symbol	XHLD					
Market	NASDAQ					
Filing range price - average price	\$5.00	1H - June	(\$0.04)	(\$0.03)	A	
Filing range - high	\$6.00	2H - December	(\$0.03)	(\$0.01)		
Filing range - low	\$4.00	<b>Year</b>	<b>(\$0.06)</b>	<b>(\$0.04)</b>	<b>\$0.08</b>	<b>\$0.12</b>
Pro forma Shares Outstanding:	27.5 M	<b>Revenue (\$mm)</b>	<b>\$3.7</b>	<b>\$4.0</b>	<b>\$6.1</b>	<b>\$8.5</b>
Pro forma Market Capitalization	137.5 M	EV/Rev	34.7X	32.2X	21.1X	15.2X
Pro forma Enterprise Value	128.9 M	<b>EBITDA (\$mm)</b>	<b>(\$1.6)</b>	<b>(\$1.1)</b>	<b>\$2.1</b>	<b>\$3.4</b>
		EV/EBITDA		60.4X	37.9X	

#### Risks/Valuation

- The key risk factors we see are execution, the rollout of the new SaaS product, and merger integration. We also see a near-term risk to the stock if the financial advisor that received warrants for 5% of shares outstanding liquidates their position too quickly after the IPO.
- We value the company both on a discounted cash flow approach and a multiple of 2025 EBITDA, pro forma for expected acquisitions.

**Company description:** TEN Holdings is an event management company running virtual and physical meetings for corporate customers. Its Xyvid Pro software is a high-end, broadcast-quality product that customers utilize for their most visible events, such as with customers. It is working on a less-expensive SaaS version targeted for initial release in 2Q 2025 that should greatly expand its market. Prior to the IPO, TEN is a 91% owned subsidiary of Japanese company V-Cube (3681-Tokyo).

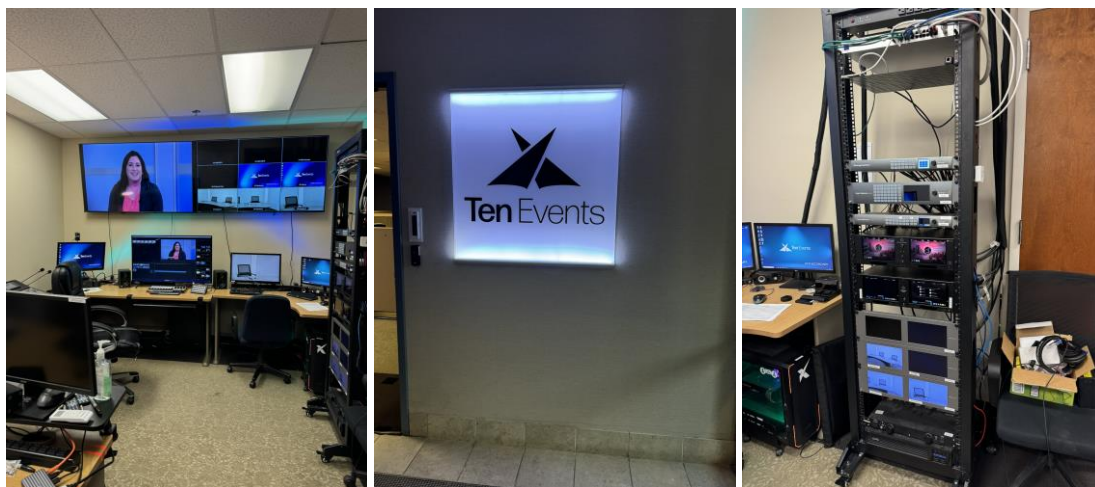
## Initiating TEN Events Ahead of IPO – Managing Mission-Critical Events for Corporate Customers

TEN Holdings is the parent company of operating company TEN Events which is an events management company headquartered in Langhorne, Pennsylvania. TEN was founded in 2008 and was sold to current parent and 91% owner V-Cube in 2021 for \$35 million. V-Cube is a Japanese company and is publicly traded on the Tokyo stock exchange under the ticker 3681 with a market cap of \$132 million. TEN Events primarily manages live online, virtual events such as corporate presentations to clients or internal presentations. In contrast to the well-known Zoom Media, TEN's platform was designed to be broadcast-quality, more stable, and more reliable. Thus its clients use it for their highest visibility events. The downside is that TEN's Xyvid Pro product requires more human management from both its client and its own staff, and thus the cost is higher. Clients tell its salespeople that this is the main objection to using TEN. As a result, we estimate that it captures less than 10% of its clients' event requirements. Under an internal software development product named Project Phoenix, it is developing a SaaS product that will be equally scalable and high quality but require less human management and thus be lower cost. This product is due to be ready in early 2025, and we forecast revenue starting in 2026.

In our meeting with TEN's sales and marketing management, they described the following attributes of the current Xyvid Pro product:

- More effective than competing solutions
- More scalable
- More resilient
- Most technically advanced
- Most expensive

### TEN Monitors Xyvid Pro Events from its Pennsylvania Studios



Source: Litchfield Hills Research



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Management believes that its offering is unique and that it would not be possible for its main competitors, including Zoom to modify their existing products to match TEN's capabilities and that it would take them years and tens of millions of dollars to match TEN's capabilities.

In its S-1 filing and, on its website, the company does not mention the names of its customers, but it does do so in its client presentations, so this information is public. Its largest client, at over 50% of revenue in recent years, is PricewaterhouseCoopers or PwC. It also mentions Citibank, Cardinal Health, and CVS among its top clients. So, it is serving very large, very sophisticated clients.

We use two methods to value XHLD shares. First, we look at the standalone business as it exists now. This results in a valuation of about \$5 per share, or about where the IPO is expected to price. We utilize a 20% discount rate and 20x terminal multiple on 2029 EBITDA. Then we make a series of M&A projections assuming TEN acquires the existing parent company's Japanese events management business and two synergistic businesses owned by company founder Dave Kovalcik, which are co-located with TEN in the same building in Langhorne, Pennsylvania. We met with Naoki Mashita, V-Cube's young, charismatic CEO and since the company is public, he was able to openly discuss its Japanese business. Mr. Kovalcik's other businesses are privately owned by him, so he freely shared information on them. We discuss these in greater detail later in this report but the bottom line is our pro forma valuation with all four units comes to about \$12 per share. As we don't have a view of what the terms of these acquisitions would look like, we simply assume that these can be financed with pro forma cash and cash flow from operations. Based on actual financing terms – equity or debt – the actual valuation would therefore likely be a bit less. But our best guess is that the shares will be worth somewhere between \$5 and \$12 one year from now, thus our \$8 price target.

We see four key risks to achieving our price target:

- The first is clearly execution. We have confidence that the existing product can handle demand. The bigger question is whether the sales team can deliver organic growth. Later in this report, we discuss the meeting we had with the team and what the plans are to achieve this.
- The second risk factor is whether the new SaaS product can be rolled out in a timely manner and deliver the planned benefits. We note that the company is developing this product in-house, so management presumably has greater visibility and an ability to adjust as unforeseen problems arise. While the product is due to be ready in early 2025, we assume no revenue until 2026. This product is important to accelerate growth but also to change the market's perception of its shares and accord them a SaaS multiple (comps trade at 32x 2025 EBITDA – table at the end of this report).
- The third risk factor is whether management can successfully integrate the acquisitions we expect. We view the risk as much less than with acquisitions of unknown companies as all three are known, sister companies that TEN already works with, albeit under different ownership structures.
- The fourth is a risk to the share price after the IPO as warrants issued to its adviser, Spirit Advisers, are immediately tradeable and not subject to lockup as insider shares are. Spirit is due 4.9% of shares outstanding as of the date of the IPO – 1.35 million shares – with an exercise price of just two cents. Should they exercise and sell, this would, in our opinion, put significant pressure on the stock. With a planned IPO of 2.5 million shares, float will be limited. Management certainly has ways to mitigate this risk and, based on our discussions, is aware of it.

### **Industry Overview – TEN is One of a Kind**

Available data on the events industry is too broad to be relevant, including categories such as large sporting events. Further, while there are some companies with similar businesses, none focuses on the high-end

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of the corporate market with broadcast quality services. In its S-1, the company notes that it estimates that it would take a competitor \$5 to \$7 million and a minimum of five years to develop a comparable platform. Several of its larger competitors, listed below, could likely afford the cost, but five years is an eternity in corporate years so we believe they would be more likely to acquire TEN than to wait five years before going to market with a competitive product.

Of these, only Zoom and ON24 are public. Zoom Media (ZM-NASDAQ) is obviously the best known as their business zoomed during Covid. Zoom Media is a \$23.7 billion market cap company that generated \$4.5 billion in revenue in its most recent fiscal year, with 3% growth. TEN management believes that its service is more scalable and robust and that they win business against Zoom for high-end events, but Zoom is cheaper and easier to use.

In its filings, TEN lists the following competitors:

- **ON24** (ONTF – NASDAQ) is a \$314 million market cap company with \$264 million in revenue in its most recent fiscal year. Revenue has declined significantly in recent years. ON24 focuses on event analytics and integrates with numerous other platforms such as SAP, Salesforce, and Oracle.
- **GlobalMeet** is privately held and is based in Phoenix. It looks to be similar but somewhat larger than TEN. It too has a focus on providing continuing education sessions.
- **Cvent** is also privately held and is based in Tysons, Virginia. It focuses more on event marketing and registration.
- **Bizzabo** is a privately-held New York-based event management software company that focuses on generating event data to help organizers maximize the return on their events.
- **Meeting Tomorrow** is a privately held, Chicago-based company that focuses on event equipment rental.

One company that management did not list is Live Nation (LYV-NYSE). It has a \$28.7 billion market cap and generated \$22.7 billion in revenue last year. It too is not directly comparable as it arranges and markets its own live music entertainment events, while TEN produces virtual events for corporate customers.

In addition to the competitors listed by TEN in their filings, we found eleven other publicly traded event management companies, all of which are mainly focused on physical events. They generally do not have sufficient financial information available to serve as comparables.

- **MCH Group AG** (symbol MCHN on the Six Swiss Exchange) is a Swiss company that engages in live marketing and offers a network service in the exhibition and event markets. Its services include exhibitions, infrastructure, stand construction, event management, and event technology. It primarily focuses on the live events market.
- **Kingsmen Creatives Ltd.** (5MG on the Singapore Exchange) Is a Singapore company that specializes in the production of exhibition displays for trade shows and promotional events; interiors and displays for museums and visitor centers and thematic and scenic displays for theme parks; and development and operation of experiential and themed attractions.
- **Many Idea Cloud Holdings Ltd.** (6696 on the Hong Kong Stock Exchange) Is a Chinese-based SaaS company that provides event marketing and planning.
- **PRAP Japan, Inc.** (2449 on the Tokyo Stock Exchange) engages in a public relations consultancy business that provides marketing communications, event management, content production, corporate branding, product publicity, and crisis communications services.
- **CMO Public Co., Ltd.** (CMO on The Stock Exchange of Thailand) is a Thailand-based company that engages in the provision of event management for public events, exhibitions, and entertainment activities.

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- **CEO Event Medya AS** (CEOEM.E on Borsa Istanbul) is a Turkish company that engages in the provision of event management services.
- **Dowway Holdings Ltd.** (8403 on the Hong Kong Stock Exchange with a US ADR symbol DOWAY) is based in Beijing and engages in the provision of integrated exhibition and event management services.
- **Flap Kongre Toplantı Hizmetleri Otomotiv ve Turizm AS** (FLAP.E on Borsa Istanbul) is a Turkish company that engages in event management activities. Its services include event planning and hosting, arrangement of venues and accommodation facilities, and design of promotion materials.
- **Praveg Ltd.** (531637 on the Bombay Stock Exchange) is an Indian company that engages in the provision of event-organizing services. It specializes in exhibition management, event management, tourism and hospitality, and publication.
- **The Place Holdings Ltd.** (E27 on the Singapore Stock Exchange) is a Singapore-based investment company that engages in media and event management and property development.

### TEN is Backed by Two Successful Entrepreneurs

To better understand the company, we met with two entrepreneurs important to its history: founder Dave Kovalcik and V-Cube CEO Naoaki Mashita. Kovalcik, with his two brothers, was a pioneer in leasing and then later selling personal computers when the technology was new in the 1980s. They started leasing Commodore computers out of the family basement in 1980. At the time, computers were so new that businesses were hesitant to buy them, and thus preferred leasing. The business grew rapidly, adding Apple products in 1982 and later IBM, HP, and AST brands. They were early pioneers in internet selling, distributing their catalog on compact discs with updates via dial-up modems, and used Ingram Micro to drop ship the computers. They sold the business for \$18 million in 1996. It went on to go public and still exists under the name ePlus (PLUS-NASDAQ) with a \$2.6 billion valuation.

### Dyventive Has a Full Inventory of Event Hardware and is Ready to Go



Source: Litchfield Hills Research



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After the sale, Mr. Kovalcik was still young and entrepreneurial so in 1998 he founded physical event management company Dyventive. Dyventive is still thriving with about \$10 million in revenue and \$1 million in EBITDA, is still owned by Mr. Kovacik, is based in the same Langhorne, Pennsylvania building as TEN, and provides live event services to TEN and outside customers. Dyventive got its big break handling the Republican National Convention in nearby Philadelphia in 2000.

In 2003 Kovalcik started PharMethod which is a speaker bureau management provider and a live/virtual/hybrid event manager for the pharmaceutical, medical device, and biotech industries. It too is headquartered in the same building as TEN and Dyventive. It generates around roughly \$7.5 million in revenue and \$1.2 million in EBITDA and is also still owned by Kovalcik. PharMethod provides three key services:

- **Speaker bureau management** – using its proprietary PharmaSpeak platform, the company manages speakers for both virtual and physical education events. Since the passage of the Physician Payments Sunshine Act in 2010, healthcare companies must carefully monitor and report all compensation provided to healthcare professionals. This bill was designed to prevent healthcare providers from providing exorbitant speaking fees to medical professionals in the hopes of influencing them to utilize their products.
- **Meeting and Event Management** – PharMethod is an event planner and manager. With its proprietary speaker compliance tools, it can provide a required service that traditional event planners cannot. With its relationship with sister company Dyventive, it can provide the staging and audio-visual equipment necessary. And with sister company TEN Events, it can host high-quality, highly reliable virtual or hybrid events.
- **Health Care Professional Engagement Platforms** – the company offers on-demand marketing and training tools for healthcare professionals. Once training is complete, it also handles the issuance of certificates to meet compliance requirements.

In 2008 Kovalcik's company began work on the Xyvid event platform that is now TEN Events. Its HTML5-based Xyvid Pro 2 was launched in 2017 and in 2020 it handled a record-setting 39,000 attendee virtual event. The following year, in 2021, Kovalcik sold it to Japanese Company V-Cube for \$35 million. As we note later in this report, we recently visited both PharMethod and Dyventive on our trip to Langhorne and we envision TEN Holdings reintegrating both into the company once it goes public. They were founded under the same roof, by the same entrepreneur and still have significant synergies.

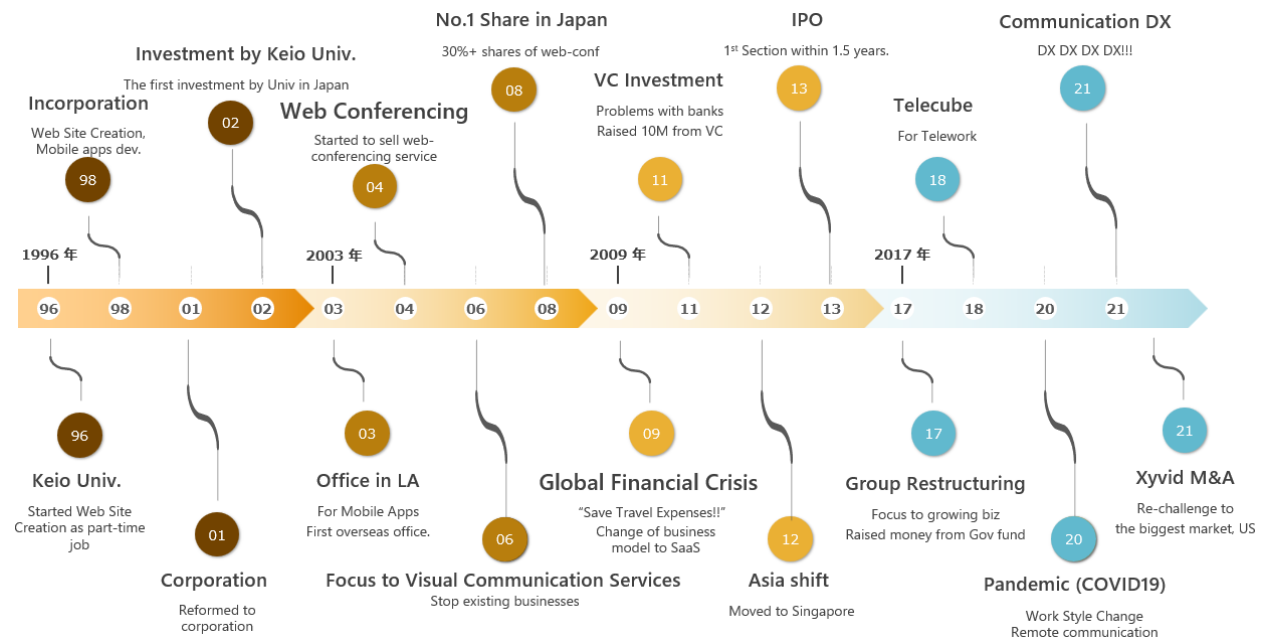
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## Japanese Parent V-Cube is Run by a Well-Connected Japanese Entrepreneur

V-Cube was founded in 1998, is based in Tokyo, and is listed on the Tokyo Stock Exchange. Prior to the IPO, it owns 91% of TEN. We met with V-Cube's founder and CEO Naoaki Mashita recently. He is just 46 and in addition to founding V-Cube, he sits on the boards of Sumitomo Mitsui Trust Bank Limited, the fifth largest bank in Japan by assets, Ushio, a \$1.4 billion market cap technology company, and privately held medical technology company Micin. Mashita-san graduated from Keio University which pioneered Western-style learning in Japan in the 1800s and today boasts the largest endowment among Japanese Universities. V-Cube has myriad startup business units ranging from electric vehicle charging to its largest – its events business. Its other two large businesses are Telecube and its enterprise voice business.

## V-Cube Corporate History



Source: Company reports

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Once the TEN IPO is complete, establishing a successful publicly traded events business, we envision a restructuring whereby the V-Cube events business is folded into the newly public TEN Holdings. This business has a dominant position in Japan running the annual shareholders meetings for over half of the largest companies in the country. Based on V-Cube's filings, and conversations with management, we estimate that this business generates roughly \$30 million in revenue and \$8 million in EBITDA. Merging this major Japanese events business into TEN would give it a foothold in Asia, including the fast-growing Southeast Asian market. V-Cube is already present there, with ownership of an e-learning business in Singapore.

## V-Cube Has an Array of Technology Services Business – Reflecting its Founder's Entrepreneurialism

### 1. Event DX Business

**V-CUBE Seminar**

- Online/hybridization of all events
- Operational support, including operational design/day-of direction
- Production of 3DCG/metaverse spaces and videos

EventIn  
ZIKU Touchcast





Pharma Web Seminar    Virtual AGM    Metaverse Event

### 2. Third Place DX Business



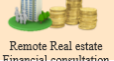









- Provision of work/communication booths to companies and public institutions
- Diversified related businesses such as advertising models/Metacube/reservation systems
- EV charging solutions for expanding and DX of means of transport





Telecube    CHARGE+    Telecube connect

### 3. Enterprise DX Business

Business growth business	Professional work business	Hybrid work business	Reskilling business
<p>Support for DX of business/services</p>   <p>Remote Education Healthcare    Live entertainment distribution</p>   <p>Remote Real estate Financial consultation    SNS/Community</p>	<p>DX support in specialized areas such as disaster measure/plant inspection</p>   <p>V-CUBE Collaboration    V-CUBE Board</p>  <p>V-CUBE Communication Map</p>	<p>Support for working from anywhere and at any time, in the office and at home</p>   <p>Zoom    V-CUBE meeting</p> 	<p>Support for employee training and learning management inside and outside the company</p>   <p>Qumu    Wizlearn Technologies</p>

Source: Company reports

We view these two entrepreneurial executives as key to the company's roots, and its future. To manage TEN, Mashita-san hired current CEO Randy Jones in March 2023. He too has a successful, entrepreneurial track record with a focus on sales and marketing. This has been a weak spot for the company. When he arrived, he found that management had hired seven, highly-experienced, but expensive, senior sales reps. Unfortunately, they were not a good cultural fit, did not produce, and were mostly let go. One example of this occurred when the company hired its current, dynamic, young head of marketing and through internet lead generation techniques, started generating sales leads. Internet marketing is a natural for a company that provides its services over the Internet. But for whatever reason, there was a reluctance by this team to follow up on these leads. As we discuss later, the heads of sales and marketing now have the company all singing off the same sheet, and hopefully ready to make beautiful music together.



**Product Differentiation is Key**

The reasons why TEN's core Xyvid Pro product is different, and occupies a higher value niche are not readily apparent from just reading its publicly available information. Its development goes back to 2011 and it is designed to meet the needs of large Fortune 2000 clients hosting presentations for large audiences on a platform with television broadcast quality (think Fox News or CNN) with near-perfect reliability. It was developed and is supported internally by TEN staff using the Microsoft.net programming language and is hosted on the Microsoft Azure data center platform. From the company's presentation, they outline three areas where they are different and why they win (when they do).

- Customization/Flexibility
  - Flexible page design & registration form
  - Custom visual panels and inclusions
  - Ability to integrate 3rd party applications
- Service Model vs SaaS
  - Large Scale or High Profile events
  - Companies with depleted resources looking for an adept partner to supplement their team
- Production/Event Expertise
  - Industry knowledge for applying fitting solution(s)
  - Consulting and creating a trusted partnership
  - Looking for a single vendor to handle in-person and virtual experience

**Xyvid Product Line includes a Full Suite of Offerings**

**Webcasting  
Virtual & Hybrid Events**



- Full-service presentation solution for virtual or hybrid events
- Utilized for a variety of event sizes and styles, including important, high-profile events and presentations
- Often combined with Xyvid's add-on AV production services

**Self-Service  
Solution**



Self-service web broadcasting product  
Designed for enterprises with in-house production capabilities  
Provides a service-enhancing solution, with the help of our support team

**Continuing  
Education**



Highly specialized, certified professional training solution for blue-chip corporates  
Specific criteria measured to ascertain pass / fail (e.g. attendee watch-time, live polling data & scoring)  
Accreditation and receipt of certificate managed by Xyvid post-program



Source: Company reports



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The product includes eight interactive tools designed to increase audience engagement:

1. Speaker bios
2. Ticker tape to highlight important information (similar to the scroll on TV news channels)
3. Quizzes keep the audience engaged
4. Word clouds – created from the presentation
5. Pulse – real-time feedback
6. Polling – another way to provide feedback to the presenter and keep the audience engaged
7. Social media – integrate social media, for example, display a live feed during the event
8. Content panels can include clickable websites, maps, and 3D renders to increase audience engagement.

In addition, TEN has a resilient back-end network with hardware failover redundancy and its own employees monitoring presentations in real-time, fixing any issues on the fly. So when a client has a high-profile event that must go well, such as client marketing or presentations, annual shareholder meetings, or internal CEO meetings, they tend to go with TEN. In these cases, cost is not the main purchase criterion, and TEN charges more to cover its higher event costs. It is clearly not a simple, low-end, self-service offering like Microsoft Teams or Zoom. But most of the time, these types of products are good enough, and TEN loses. Key sales objections from customers are:

- Lack of Trust; Lack of Brand Recognition – TEN is clearly not as large or prominent as some of its competitors. The rebranding to the TEN name and IPO should help that.
- Pricing – Xyvid Pro is more expensive, so when cost is the main criterion, they lose
- Prospect looking for a SaaS product
- Xyvid's full-service price is often compared to competitors' SaaS/subscription services.
- Customers have existing staff on payroll to manage events, so they don't need TEN.
- Xyvid Pro software is too complex.
- Sometimes, the customer is happy with their current, inferior product and has not endured enough pain to endure the hassle of switching.

### **Key Customers Include Multiple Major Corporations**

- **PricewaterhouseCoopers** – with over \$50 billion in annual revenue it is the second-largest of the big four global accounting firms.
- **AHEAD** – a Chicago-based technology consulting company with roughly \$4 billion in gross revenue.
- **Johnson & Johnson** – a \$400 million market cap company that manufactures medical products.
- **Lumantia** – a privately-held UK consulting firm serving the biotech and pharmaceutical industries.
- **Danaher** – a \$180 million market cap company providing equipment for biotech, life sciences, and diagnostics.

It has also managed events for Citibank, Sony, Panasonic, CVS, Cardinal Health, Cisco, Bristol Myers Squibb, AstraZeneca, and many others. This impressive list of customers demonstrates the ability of the sales team to successfully penetrate large, complex customers and its service team to retain them.



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### **Project Phoenix Combines the Best of Xyvid Pro, with a SaaS Format That Addresses the Key Sales Objectives it Faces**

TEN is working on a new SaaS-type version of its event management platform due for release in Q2 2025. Development work is being done in-house, by its own developers, which we believe gives it much greater visibility and control over the process. Software development programs are notoriously difficult, and we have seen numerous outsourced programs fail outright. But by doing this in-house, TEN can assess each stage of the build, add resources if problems develop, and assure itself that its timelines are being met. As noted, TEN only addresses a fraction of its addressable market as its existing high-end product is too complex and expensive, while offering near-perfect quality. The new software is designed to address the company's most common sales objections and dramatically expand its addressable market while maintaining quality. The company plans to dedicate 20% of the IPO proceeds (\$12.5 million at the midpoint of the range) to technology development, including artificial intelligence functions.

We take a conservative approach to forecasting SaaS product revenue, assuming no revenue in 2025 and just \$500k in 2026. We assume that revenue will ramp to \$7.5 million by 2029 or 35% of total revenue. Typically, SaaS companies carry very high gross margins in the 90% range as they are just giving customers access to software that has already been written. With the new product, TEN is moving its cloud platform from Microsoft Azure to Amazon AWS.

Among the features of the new version, code-named Project Phoenix, is a simplified user interface that will require a smaller support team. The company is also planning on introducing multilingual support to expand its market. We think that Japanese language support is important as the company works with its parent company V-Cube.

The software team consists of three front-end developers, three back-end developers, and a quality control manager. The new version is not just an update of the current Zyvid Pro product, it includes a redesign of core systems and improvements to the scalability of the product.

An important enhancement is the introduction of artificial intelligence powered by OpenAI. During an event, AI will provide poll suggestions prompted by the presentation deck and afterward, it will provide post-event summarization. By 3Q 2025 they expect to be able to offer real-time event analytics and summarization of Q&A to help presenters improve their messaging in future events.

### **Sales and Marketing Team Has Been Revamped Under New CEO, with More Additions Planned**

As noted, when Randy Jones joined the company as CEO in May 2023, the sales team was dysfunctional. Prior management had hired seven experienced but expensive sales reps, but they were not performing and were not working as a team with marketing. Within five months, Mr. Jones brought on Erica Scudilla, an experienced marketing director with expertise in web-based marketing, which is critical, since this is how new customers discover and research TEN. One of her biggest projects was handling the rebranding of the operating company to TEN Events – with the name suggesting that their managed events will achieve a perfect 10 rating. The rebrand launched in June 2024. The company plans to dedicate 20% of the IPO proceeds (\$12.5 million at the midpoint of the range) to sales and marketing initiatives.

Ms. Scudilla created a comprehensive internet marketing campaign including search engine optimization, digital advertising, email campaigns, social media marketing (especially LinkedIn), and webinars. Most importantly, marketing is now working with sales with the growing number of leads and referrals being followed up by sales.



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A number of key sales hires (and one internal transfer) have been completed and with the IPO proceeds four more hires are planned. It generally takes new sales hires several months to a year to learn a company's product and perfect their pitch, so we are not yet seeing the results of the recent hires. But with the sizable team the company is building, we have high expectations.

### Sales and Marketing Managers:

- Alex Kunin: Chief Revenue Officer - on board 4 months
- Erica Scudilla: Senior Director of Marketing - on board 13 months

### Sales Representatives:

- Senior Rep - on board 7 months
- Director Strategic Accounts – on board 3 years, 3 months – services largest account
- Senior Account Manager - on board for 4 months
- Account Manager – recent internal transfer
- Director Pre-Sales - on board for 20+ years
- Director – V-Cube USA - runs sales and operations for V-Cube USA physical event sales
- Account Manager - V-Cube USA contractor in France, sales and delivery
- Account Manager - V-Cube USA FTE in California

### Proposed additional hires post IPO:

- Senior Account Manager – new client sales
- Senior Account Manager – new client sales
- Junior Account Manager – new client sales/lead generation, ISR
- Junior Account Manager – existing client sales/lead generation/ISR

Another key aspect of the marketing campaign is getting out and meeting customers at major trade shows. The company just presented at the large IMEX trade show in Las Vegas. This event brought together over 15,000 individuals involved in event planning and management and TEN had a full range of prospective client meetings. For 2025, it is considering nearly two dozen conferences including Pharma USA with 2,000 attendees to be held in March in Philadelphia near TEN's headquarters, the National Investor Relations Institute (NIRI) conference to be held in June in Boston with 1,300 attendees, and the massive Consumer Electronics Show (CES) in Las Vegas with 50,000 attendees. We are particularly interested in the NIRI conference as presenting to a company's shareholders is perhaps the most critical of all events for a company. This analyst has personally seen dozens of flawed online and in-person investor events so there appears to be a significant market opportunity for its high-quality, highly reliable product.

### Key Industry Verticals the Company is Targeting Include:

- Professional Services
- Healthcare/Pharma
- Financial Services
- Education and Training
- Marketing Agencies
- Non-profit Associations



# TEN Holdings, Inc.

## NASDAQ - XHLD (IPO pending)

Our forecast has Xyvid Pro revenue growing from \$3.7 million this year to over \$13 million in 2029 and revenue for the new SaaS platform growing to \$7.5 million for a total of \$21.5 million. So the new sales team has a sizable mission ahead of it. However, the global events market is expected to be over a trillion dollars by 2030, so there is ample room for TEN to hit our numbers without even scratching the surface in terms of market share.

### Sales Ramp Powered by Salesforce Revamp and SaaS Intro

Our forecast calls for the company to accelerate revenue from \$4. Million in 2024 to \$21.5 million in 2029. Of our 2029 forecast, \$7.5 million, or 35% is from the company's planned SaaS offering. In this report, we have already outlined the basis for our revenue forecast:

- The current Xyvid Pro service is better than competing offerings and has a strong customer base of blue-chip customers.
- The company has identified a weakness and major opportunity in its product set and is developing a SaaS offering that serves a larger target market than the current offering, addressing the key customer pushbacks of price and complexity, while maintaining quality.
- The company is well along in building an integrated marketing and sales team. As TEN offers internet services, its new marketing campaign is web-based, supplemented by a more robust conference attendance schedule for 2025.

Our estimated line items below the revenue line are more speculative, but we base our 40% expected EBITDA margin on the fact that service offerings typically have high EBITDA margins in this range. Our model is at the end of this report.

### DCF Valuation of Current Business Suggest \$5 per share Price, In Line with IPO

Our discounted cash flow valuation of the existing business is based on our forecast and applies a 20x multiple to 2029 terminal year EBITDA and a 20% discount rate. The terminal multiple is well below the valuation accorded to traditional SaaS companies (32x) and TEN is not yet a SaaS company. The 20% discount rate is our estimate of the expected return an investor would require to invest in the company, given the aforementioned risks and opportunities.

	Revenue	EBITDA	Less CAPX	Less tax	FCF	Terminal Val		
2025	\$6,100	\$2,135	(\$61)	\$0	\$2,074			
2026	\$8,500	\$3,400	(\$85)	\$0	\$3,315			
2027	\$12,500	\$5,000	(\$125)	\$0	\$4,875			
2028	\$17,000	\$6,800	(\$170)	\$0	\$6,630			
2029	\$21,500	\$8,600	(\$215)	\$0	\$8,385	\$172,000		
NPV 20%					\$13,419	\$143,333		\$156,752
25-'29 CAGR					32%		+10%	\$172,427
							-10%	\$141,077
Terminal multiple								
2029 20.0x								
			minus 10%		Valuation		plus 10%	
NPV			\$141,077		\$156,752.01		\$172,427.21	
Pro forma cash from options/warrants			\$1.99		\$1.99		\$1.99	
Enterprise value			\$141,078.81		\$156,754.01		\$172,429.21	
Pro forma shares			32,463.88		32,463.88		32,463.88	
			<b>\$4.35</b>		<b>\$4.83</b>		<b>\$5.31</b>	

Source: Company reports and Litchfield Hills Research LLC



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### **Pro Forma Valuation, Including Expected M&A, Suggests a \$12 Share Price**

Our pro forma valuation assumes that the newly public TEN combines with V-Cubes Japanese events streaming business, PharMethod, and Dyventive. The latter two are still wholly owned by TEN's founder, Dave Kovalcik, and we believe that he would be amenable to sales, which would put the companies he founded, that are still synergistic, back together. This analysis yields a 2025 pro forma EBITDA estimate of \$12.3 million and a SaaS multiple of 32x to arrive at a \$12 per share valuation. It does not assume any financing cost, which is unrealistic, as we simply don't know how they might be financed. We assume some combination of cash flow from operations (we forecast \$2.1 million in organic EBITDA in 2025), cash from the IPO (\$9.4 million based on what the company states in its S-1), debt (post-IPO, TEN will have no debt as a portion of the IPO proceeds are planned to pay off existing debt. The company plans to dedicate 15% of the IPO proceeds (\$9.4 million at the midpoint of the range) to acquisitions. We think this can be tripled, to over \$28 million assuming a blend of 1/3 cash, 1/3 equity, and 1/3 earn-outs.

	Revenue	EBITDA
2025		
Standalone	\$6,100,000	\$2,135,000
DX (V-Cube business)	30,000,000	8,000,000
Pharmethod	7,500,000	1,200,000
Diventive	10,000,000	1,000,000
<b>Pro forma</b>	<b>\$53,600,000</b>	<b>\$12,335,000</b>
Valuation at 32x SaaS multiple		394,720,000
Pro forma shares outstanding		32,463,880
<b>Per share pro forma valuation</b>		<b>\$12.16</b>

Source: Company reports and Litchfield Hills Research LLC

Our \$8 price target is between our \$5 DCF valuation of the existing business and \$12 comps valuation of the pro forma business. As the \$12 estimate excludes financing costs, our \$8 target is less than the average of the two.



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## TEN Holdings Income Forecast

Revenue	Actual Results						Estimates					
	2022	2023		2024E		2025E	2026E	2027E	2028E	2029E		
		1H	2H	1H	2HE							
Virtual	4,807,147	1,685,000	1,840,139	3,525,139	1,971,000	1,729,000	3,700,000	5,700,000	7,400,000	9,300,000	11,200,000	13,100,000
YoY growth				-27%	17%	-6%	5%	54%	30%	26%	20%	17%
Physical	-	88,000	105,839	193,839	180,000	120,000	300,000	400,000	600,000	700,000	800,000	900,000
YoY growth					105%	13%	55%	33%	50%	17%	14%	13%
SaaS	-			-			-	-	500,000	2,500,000	5,000,000	7,500,000
YoY growth									400%		100%	50%
<b>Total Revenue</b>	<b>4,807,147</b>	<b>1,773,000</b>	<b>1,945,978</b>	<b>3,718,978</b>	<b>2,151,000</b>	<b>1,849,000</b>	<b>4,000,000</b>	<b>6,100,000</b>	<b>8,500,000</b>	<b>12,500,000</b>	<b>17,000,000</b>	<b>21,500,000</b>
YoY growth				-23%	21%	-5%	8%	53%	39%	47%	36%	26%
Cost of revenue	736,000	186,000	369,000	555,000	425,000	369,800	794,800	915,000	850,000	1,250,000	1,700,000	2,150,000
Gross margin	4,071,147	1,587,000	1,576,978	3,163,978	1,726,000	1,479,200	3,205,200	5,185,000	7,650,000	11,250,000	15,300,000	19,350,000
% of revenue	85%	90%	81%	85%	80%	80%	80%	85%	90%	90%	90%	90%
SG&A	4,129,000	2,477,000	2,265,000	4,742,000	2,448,000	1,849,000	4,297,000	3,050,000	4,250,000	6,250,000	8,500,000	10,750,000
% of revenue	86%	140%	116%	128%	114%	100%	107%	50%	50%	50%	50%	50%
<b>EBITDA</b>	<b>(57,853)</b>	<b>(890,000)</b>	<b>(688,022)</b>	<b>(1,578,022)</b>	<b>(722,000)</b>	<b>(369,800)</b>	<b>(1,091,800)</b>	<b>2,135,000</b>	<b>3,400,000</b>	<b>5,000,000</b>	<b>6,800,000</b>	<b>8,600,000</b>
% of revenue	-1%	-50%	-35%	-42%	-34%	-20%	-27%	35%	40%	40%	40%	40%
Depreciation	45,000	25,000	26,000	51,000	27,000	27,000	54,000	55,000	60,000	65,000	70,000	75,000
Operating income	(102,853)	(915,000)	(714,022)	(1,629,022)	(749,000)	(396,800)	(1,145,800)	2,080,000	3,340,000	4,935,000	6,730,000	8,525,000
% of revenue	-2%	-52%	-37%	-44%	-35%	-21%	-29%	34%	39%	39%	40%	40%
Other	10,000	5,000	(33,000)	(28,000)	3,000	3,000	6,000	3,000	3,000	3,000	3,000	3,000
Interest	-	10,000	42,000	52,000	74,000	10,000	84,000	-	-	-	-	-
Pretax income	(112,853)	(930,000)	(723,022)	(1,653,022)	(826,000)	(409,800)	(1,235,800)	2,077,000	3,337,000	4,932,000	6,727,000	8,522,000
% of revenue	-2%	-52%	-37%	-44%	-38%	-22%	-31%	34%	39%	39%	40%	40%
Taxes	7,550,000	33,000	2,000	35,000	-	-	-	-	-	-	-	-
<b>Net income</b>	<b>(7,662,853)</b>	<b>(963,000)</b>	<b>(725,022)</b>	<b>(1,688,022)</b>	<b>(826,000)</b>	<b>(409,800)</b>	<b>(1,235,800)</b>	<b>2,077,000</b>	<b>3,337,000</b>	<b>4,932,000</b>	<b>6,727,000</b>	<b>8,522,000</b>
% of revenue	-159%	-54%	-37%	-45%	-38%	-22%	-31%	34%	39%	39%	40%	40%

Source: Company reports and Litchfield Hills Research



## TEN Holdings, Inc. NASDAQ - XHLH (IPO pending)

### SaaS Comps Trade at and Average of 32x EBITDA

Ticker	Company	Price Last	Cap \$ millions	EV \$ millions	Gross Margin	2023 EBITDA	2024E EBITDA\$	Growth vs. 2022E	2025E EBITDA\$	Growth vs. 2024E	EV/EBITDA 2025
CRM	Salesforce, Inc.	\$298.01	284,898	290,697	67%	6,401.00	15,330	139.5%	16,927	10.4%	17.2x
ADBE	Adobe Inc.	\$481.35	211,890	213,949	87%	7,055.00	10,616	50.5%	11,664	9.9%	18.3x
INTU	Intuit Inc.	\$619.01	173,504	182,530	76%	4,043.00	6,561	62.3%	7,481	14.0%	24.4x
NOW	ServiceNow, Inc.	\$954.59	196,646	198,819	79%	768.00	3,690	380.5%	4,646	25.9%	42.8x
CRWD	CrowdStrike Holdings, Inc. Class A	\$298.88	73,268	73,605	75%	(40.75)	951	-2433.9%	1,186	24.7%	62.1x
SHOP	Shopify, Inc. Class A	\$78.44	101,217	97,443	49%	(3,528.83)	1,379	-139.1%	1,888	37.0%	51.6x
WDAY	Workday, Inc. Class A	\$241.14	64,143	63,799	75%	206.76	2,401	1061.3%	2,898	20.7%	22.0x
PLTR	Palantir Technologies Inc. Class A	\$41.41	92,736	99,416	81%	(334.45)	1,008	-401.5%	1,225	21.5%	81.2x
ADSK	Autodesk, Inc.	\$287.62	61,838	63,713	90%	1,165.00	2,290	96.6%	2,518	10.0%	25.3x
SNOW	Snowflake, Inc. Class A	\$113.74	38,126	39,883	66%	(752.46)	258	-134.3%	379	46.9%	105.3x
TEAM	Atlasian Corp Class A	\$218.96	57,271	60,505	81%	(239.97)	1,073	-547.1%	1,216	13.3%	49.8x
SQ	Block, Inc. Class A	\$72.69	44,751	45,739	33%	(58.76)	2,925	-5078.6%	3,643	24.5%	12.6x
HUBS	HubSpot, Inc.	\$564.55	28,989	29,361	84%	(38.53)	520	-1450.2%	624	20.0%	47.0x
VEEV	Veeva Systems Inc Class A	\$212.53	34,416	30,357	71%	546.76	1,106	102.3%	1,253	13.3%	24.2x
ZS	Zscaler, Inc.	\$184.90	28,195	29,065	78%	(76.72)	504	-757.3%	630	24.9%	46.1x
NET	Cloudflare Inc Class A	\$86.49	29,554	30,669	76%	(92.13)	326	-453.7%	424	30.2%	72.3x
ZM	Zoom Video Communications, Inc. Cla	\$75.54	23,250	17,804	70%	590.97	1,904	222.1%	1,945	2.2%	9.2x
IOT	Samsara, Inc. Class A	\$46.66	25,960	26,992	74%	(167.10)	37	-121.9%	93	153.5%	290.7x
MDB	MongoDB, Inc. Class A	\$267.39	19,752	20,123	74%	(294.28)	202	-168.5%	312	54.6%	64.6x
BSY	Bentley Systems, Incorporated Class I	\$49.05	14,821	16,255	75%	297.63	482	61.9%	545	13.0%	29.8x
OKTA	Okta, Inc. Class A	\$73.24	12,441	12,093	74%	(676.00)	586	-186.6%	652	11.4%	18.5x
DT	Dynatrace, Inc.	\$54.56	16,254	15,877	80%	144.58	485	235.4%	572	17.9%	27.8x
AKAM	Akamai Technologies, Inc.	\$100.04	15,159	17,931	57%	1,261.85	1,676	32.8%	1,794	7.1%	10.0x
ESTC	Elastic NV	\$79.63	8,182	8,228	74%	(171.49)	192	-212.0%	251	30.9%	32.7x
ZI	ZoomInfo Technologies Inc	\$11.29	4,124	5,129	84%	330.00	449	36.2%	472	5.0%	10.9x
MNDY	monday.com Ltd.	\$295.78	14,747	14,577	89%	(120.10)	119	-198.9%	154	30.0%	94.4x
GWRE	Guidewire Software, Inc.	\$185.52	15,494	15,755	59%	(101.21)	117	-215.4%	187	60.1%	84.2x
DOCU	DocuSign, Inc.	\$69.85	14,178	15,437	79%	2.76	949	34229.7%	1,048	10.5%	14.7x
TWLO	Twilio, Inc. Class A	\$87.50	13,421	11,190	47%	(917.35)	851	-192.8%	973	14.3%	11.5x
FFIV	F5, Inc.	\$231.20	13,475	12,512	80%	636.40	1,018	60.0%	1,124	10.4%	11.1x
PCOR	Procore Technologies Inc	\$66.61	9,903	9,832	80%	(211.12)	183	-186.9%	224	22.0%	43.9x
WIX	Wix.com Ltd.	\$163.41	9,093	9,660	66%	(439.05)	365	-183.2%	497	36.0%	19.4x
PAYC	Paycom Software, Inc.	\$211.46	12,193	12,194	74%	571.17	747	30.7%	825	10.4%	14.8x
APPF	AppFolio Inc Class A	\$212.00	7,703	7,885	57%	(30.41)	219	-819.4%	278	27.0%	28.4x
CFLT	Confluent Inc Class A	\$26.63	8,735	9,050	70%	(430.03)	42	-109.7%	94	125.3%	96.1x
DAY	Dayforce, Inc.	\$75.40	11,891	13,189	52%	54.70	501	816.0%	613	22.3%	21.5x
PCTY	Payloadly Holding Corp.	\$191.35	10,667	10,621	68%	220.23	506	129.6%	536	6.1%	19.8x
DSGX	Descartes Systems Group Inc.	\$107.30	9,172	9,170	65%	200.30	284	41.9%	322	13.1%	28.5x
GTLB	Gitlab, Inc. Class A	\$55.99	8,984	8,948	90%	(172.21)	62	-136.3%	103	64.7%	87.0x
DBX	Dropbox, Inc. Class A	\$26.23	8,536	9,786	81%	362.30	1,009	178.6%	1,045	3.5%	9.4x
PATH	UiPath, Inc. Class A	\$12.32	6,775	5,489	85%	(287.16)	187	-165.3%	232	24.0%	23.6x
SPSC	SPS Commerce, Inc.	\$167.20	6,281	6,219	63%	99.51	185	86.4%	220	18.4%	28.3x
HCP	HashiCorp, Inc. Class A	\$33.83	6,864	6,200	81%	(265.84)	(13)	-95.2%	24	-285.7%	261.6x
U	Unity Software, Inc.	\$20.31	8,060	9,848	67%	(663.45)	359	-154.1%	401	11.6%	24.6x
SMAR	Smartsheet, Inc. Class A	\$55.88	7,784	7,569	81%	(169.87)	213	-225.5%	263	23.2%	28.8x
KVYO	Klaviyo, Inc. Class A	\$39.47	10,526	11,678	75%	(40.03)	124	-408.7%	163	32.0%	71.6x
BILL	BILL Holdings, Inc.	\$58.36	6,040	5,540	77%	(102.54)	205	-299.6%	195	-4.7%	28.4x
QLYS	Qualys, Inc.	\$124.60	4,587	4,336	81%	168.32	262	55.9%	274	4.6%	15.8x
WK	Workiva Inc. Class A	\$81.05	4,477	4,782	76%	(72.75)	37	-150.7%	61	65.6%	78.3x
BOX	Box, Inc. Class A	\$32.50	4,655	5,798	75%	100.40	323	221.4%	365	13.2%	15.9x
FRSH	Freshworks, Inc. Class A	\$12.23	3,695	2,988	83%	(203.09)	77	-138.0%	109	41.6%	27.4x
BRZE	Braze, Inc. Class A	\$31.76	3,263	3,057	69%	(135.55)	1	-100.8%	29	2442.1%	107.0x
QTWO	Q2 Holdings, Inc.	\$84.38	5,087	5,509	45%	(26.24)	118	-550.9%	155	30.7%	35.6x
FROG	JFrog Ltd.	\$29.85	3,296	3,066	77%	(62.73)	61	-196.9%	78	28.0%	39.4x
NCNO	nCino Inc	\$36.82	4,255	4,437	54%	(56.47)	96	-269.5%	126	31.2%	35.3x
DOCN	DigitalOcean Holdings, Inc.	\$35.33	3,253	4,556	59%	86.74	314	261.8%	349	11.4%	13.0x
FINV	Five9, Inc.	\$30.31	2,265	2,479	51%	13.31	181	1259.3%	215	18.6%	11.6x
RNG	RingCentral, Inc. Class A	\$36.16	3,320	5,357	70%	(602.70)	588	-197.5%	699	19.0%	7.7x
ASAN	Asana, Inc. Class A	\$12.57	2,868	2,782	90%	(388.22)	(40)	-89.7%	(4)	-89.6%	-671.5x
BL	BlackLine, Inc.	\$55.11	3,426	3,770	74%	1.26	158	12501.7%	178	12.3%	21.2x
CXM	Sprinklr, Inc. Class A	\$7.60	1,926	1,585	75%	(28.83)	109	-477.2%	130	19.9%	12.2x
SEMR	SEMrush Holdings, Inc. Class A	\$13.08	1,915	1,772	83%	(21.75)	52	-337.9%	67	29.4%	26.5x
PYCR	Paycor HCM, Inc.	\$15.71	2,809	2,752	52%	77.56	220	183.7%	239	8.6%	11.5x
RAMP	LiveRamp Holdings, Inc.	\$24.79	1,651	1,469	73%	(98.07)	135	-237.5%	160	18.5%	9.2x
APPN	Appian Corporation Class A	\$36.82	2,664	2,841	72%	(141.26)	1	-100.9%	38	3015.3%	75.2x
JAMF	Jamf Holding Corp	\$16.87	2,153	2,567	71%	(64.41)	102	-258.1%	151	48.5%	17.0x
SPT	Sprout Social, Inc. Class A	\$27.59	1,575	1,650	77%	(44.79)	36	-179.8%	51	43.1%	32.2x
PD	PagerDuty, Inc.	\$18.42	1,714	1,790	77%	(83.88)	89	-205.9%	101	14.1%	17.7x
ZUO	Zuora, Inc. Class A	\$9.89	1,519	1,494	66%	(146.15)	104	-171.2%	121	16.7%	12.3x
FSLY	Fastly, Inc. Class A	\$7.09	983	1,138	50%	(81.85)	21	-125.9%	45	111.5%	25.4x
AMPL	Amplitude Inc Class A	\$9.28	1,147	1,013	74%	(84.19)	2	-102.2%	12	539.4%	86.6x
ZIP	ZipRecruiter, Inc. Class A	\$9.07	901	1,020	89%	113.26	70	-38.5%	82	17.5%	12.5x
OLO	Olo, Inc. Class A	\$5.15	835	545	61%	(41.05)	31	-176.4%	37	19.0%	14.6x
YEXT	Yext, Inc.	\$7.19	920	789	78%	(36.89)	66	-279.2%	105	59.3%	7.5x
BIGC	BigCommerce Holdings Inc	\$5.14	400	498	72%	(125.17)	20	-116.2%	30	49.1%	16.5x
CCSI	Consensus Cloud Solutions, Inc.	\$23.57	455	1,084	81%	166.97	187	11.8%	188	0.5%	5.8x
DOMO	Domo, Inc. Class B	\$8.05	311	415	71%	(78.86)	1	-101.8%	10	606.1%	40.3x
ASUR	Asure Software, Inc.	\$8.31	221	222	60%	10.49	23	117.7%	31	35.0%	7.2x
MCHX	Marchex, Inc. Class B	\$1.77	77	65	52%	(3.07)	(0)	-91.9%	0	-280.0%	145.0x
Average					71.6%				100.2%		32.4x

Source: Factset





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### Disclosures:

#### Analyst Certification

We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

#### FINRA Compliant Research Report

We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110.

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#### Litchfield Hills Research LLC Rating System

**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

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