



TEN Holdings, Inc.

NASDAQ - XHLD

March 3, 2025

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

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We initiated coverage of TEN Holdings in November 2024 ahead of its IPO. This is an updated version of that report.

- 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 maintain the quality of the existing product but be simpler and cheaper, to be ready by later this year. 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. It has already added 6 new clients in 2025, versus just 6 for all of 2024.
- We expect these initiatives to boost organic revenue and margins and value the core business at around \$6 per share.
- TEN is also part of a larger ecosystem, 72% 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. With the IPO now complete we expect that all of these businesses will be merged, and value this new entity at around \$16, prior to dilution from transaction costs.
- We value the shares in between both scenarios to arrive at our \$8 price target.

Rating	Buy	Earnings Per Share				
Target Price	\$8.00	FYE - December	2023	2024E	2025E	2026E
Ticker Symbol	XHLD	1H - June	(\$0.03)	(\$0.03) A		
Market	NASDAQ	3Q - September		(\$0.03) A		
Stock Price	\$1.32	4Q - December		(\$0.02)		
52 wk High	\$8.54	Year	(\$0.06)	(\$0.08)	\$0.07	\$0.12
52 wk Low	\$1.15	Revenue (\$mm)	\$3.7	\$3.4	\$6.1	\$8.5
Shares Outstanding:	28.7 M	EV/Rev	10.2X	11.3X	6.2X	4.5X
Public Market Float:	4.6 M	EBITDA (\$mm)	(\$1.6)	(\$2.1)	\$2.1	\$3.4
Avg. Daily Volume	1,446,131 M	EV/EBITDA			17.7X	11.1X
Market Capitalization:	\$37.9 M					
Enterprise Value	\$34.4 M					

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 its customers utilize for their most visible events, such as with their customers. It is working on a less-expensive SaaS version targeted for initial release in 2025 that should greatly expand its market. Post the IPO, TEN is a 72% owned subsidiary of Japanese company V-Cube (3681-Tokyo).

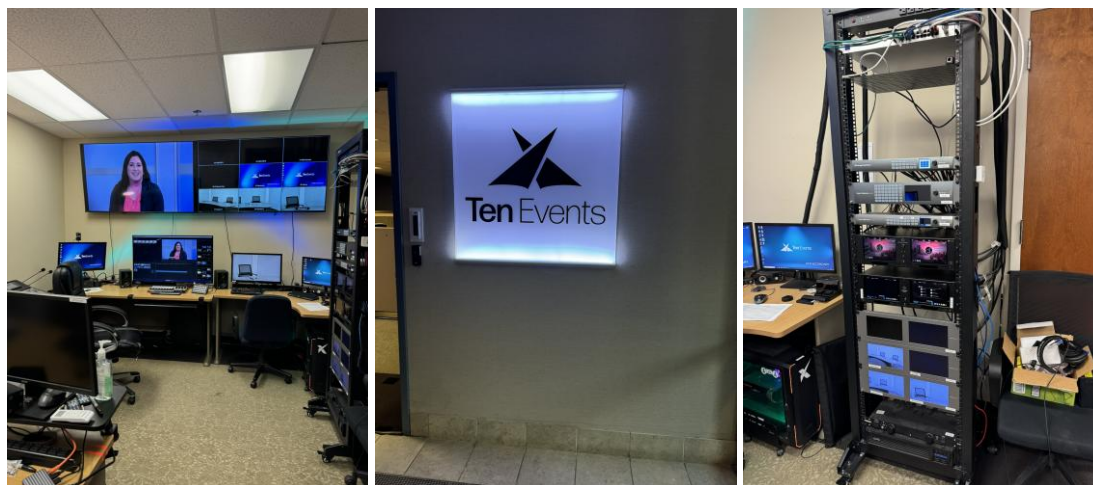
Relaunching Coverage of TEN Holdings – Managing Mission-Critical Events for Corporate Customers

We update our initiation report originally dated November 5, 2024, prior to the IPO. The company completed its IPO recently, on February 12th, at \$6 per share. We rate the shares Buy with an \$8 12-month price target. 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 72% 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 \$33 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 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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Its offering is unique and it would take extensive development work over several years for its main competitors, including Zoom, to modify their existing products to match TEN's capabilities.

In its IPO prospectus 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 Cardinal Health, and CVS among its larger 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 \$6 per share, where the IPO priced. 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 \$6 and \$16 one year from now, thus our \$8 price target.

We see three 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. So far in 2025, they have already signed 6 new customers, versus just 6 for all of 2024, so they are off to a good start.
- 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 41x 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.

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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 of the corporate market with broadcast quality services. In its IPO prospectus, 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 Kaltura, Zoom, and ON24 are public. Zoom Media (ZM-NASDAQ) is obviously the best known as their business zoomed during Covid. Zoom Media is a \$25 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 \$273 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 \$35 billion market cap and generated \$23 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.

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- **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.
- **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 three 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 starting 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 \$1.7 billion valuation.

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



Source: Litchfield Hills Research

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. 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.

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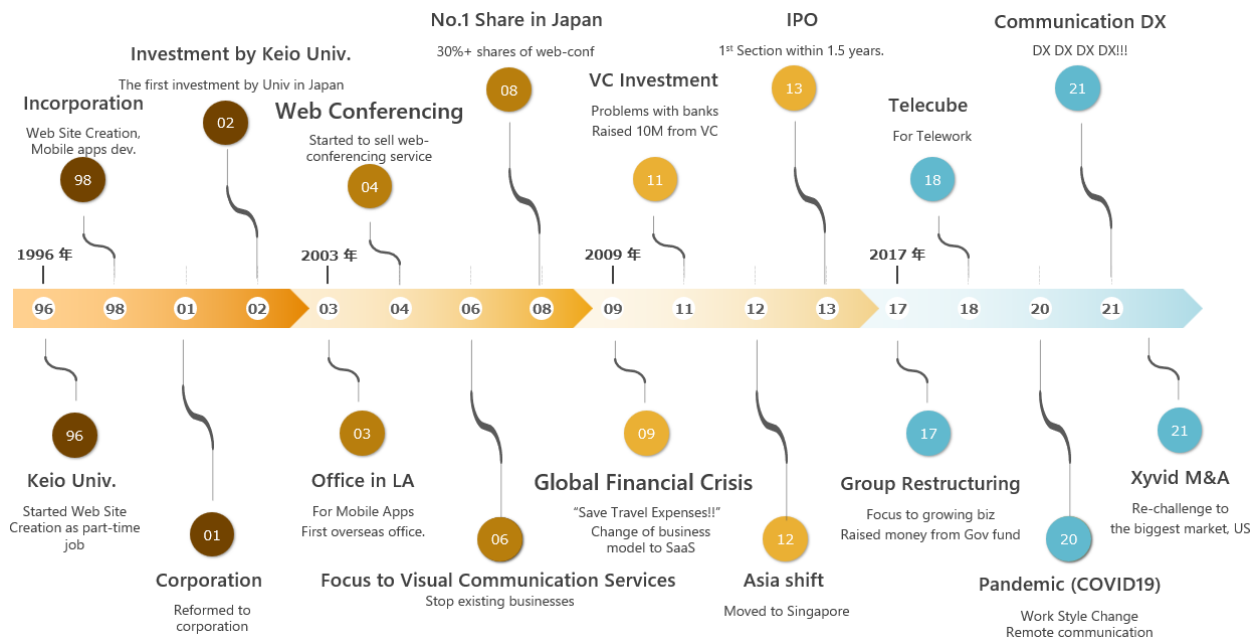
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In 2008 Kovalcik’s company began work on the Xyvid event platform that is now TEN Events. Its HTML5-based Xyvid Pro 2 was launched in 2017 and in 2020 it handled a record-setting 39,000 attendee virtual event. The following year, in 2021, Kovalcik 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.

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. After the IPO, it owns 72% 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



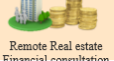









- Provision of work/communication booths to companies and public institutions
- Diversified related businesses such as advertising models/Metacube/reservation systems
- EV charging solutions for expanding and DX of means of transport





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 billion market cap company that manufactures medical products.
- **Lumantia** – a privately-held UK consulting firm serving the biotech and pharmaceutical industries.
- **Danaher** – a \$150 billion 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 later this year. 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 (approximately \$1.9 million) 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 Xyvid 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. Sometime later this year 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 manager 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 2025. The company plans to dedicate 20% of the IPO proceeds (approximately \$1.9 million) to sales and marketing initiatives.

Mrs. 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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Last year, the company attended the large IMEX conference for event organizers which drew about 15,000 attendees. It also attended the International Association of Exhibitions and Events (IAEE) conference. As a result, it now has roughly 300 marketing-qualified leads (MQL) and 50 sales-qualified leads (SQL), so its sales funnel is filling rapidly. With its new SaaS product and acquisitions, we expect it to have an even better conference season in 2025.

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 8 months
- Erica Scudilla: Vice President of Marketing and Communications - on board for 17 months

Sales Representatives:

- Senior Rep - on board for one year
- Director Strategic Accounts – on board for 3 years, 7 months – services largest account
- Senior Account Manager - on board for 8 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

New Hire Since IPO:

Growth Marketing Manager

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.



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Key Industry Verticals the Company is Targeting Include:

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

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 \$6.1 million in 2025 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 \$6 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 (41x) as 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.



TEN Holdings, Inc. NASDAQ - XHLD

	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					\$13,419	\$143,333
25-'29 CAGR					32%	
Terminal multiple						
EV/EBITDA	20.0x					
Disc. Rate	20%					
		minus 10%		Valuation		plus 10%
NPV		\$141,077		\$156,752.01		\$172,427.21
Net cash		\$3,532.00		\$3,532.00		\$3,532.00
Enterprise value		\$144,608.81		\$160,284.01		\$175,959.21
Pro forma shares		28,700.00		28,700.00		28,700.00
		\$5.04		\$5.58		\$6.13

Source: Company reports and Litchfield Hills Research LLC



TEN Holdings, Inc. NASDAQ - XHLD

Pro Forma Valuation, Including Expected M&A, Suggests a \$16 Share Price

Our pro forma valuation assumes that the newly public TEN combines with V-Cube's 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 41x 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, and debt. The company plans to dedicate 15% of the IPO proceeds (the offering raised \$9.3 million so this works out to \$1.4 million) to acquisitions. We believe that acquisitions will be funded by a blend of 1/3 cash, 1/3 equity, and 1/3 earn-outs.

Apart from the known potential targets we discussed; the company is already hard at work looking at acquisitions of unaffiliated companies. During our visit to the company last week, we spoke to the executive in charge of M&A and since the IPO, he has already compiled a list of 60 potential targets and begun contacting them to gauge their interest in a sale.

	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
Dyventive	10,000,000	1,000,000
Pro forma	\$53,600,000	\$12,335,000
Valuation at 41x SaaS multiple		505,735,000
Pro forma shares outstanding		31,424,039
Per share pro forma valuation		\$16.09

Source: Company reports and Litchfield Hills Research LLC

Our \$8 price target is between our \$6 DCF valuation of the existing business and \$16 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.



TEN Holdings, Inc.

NASDAQ - XHLD

TEN Holdings Income Forecast

Revenue	Actual Results												
	2022	2023			2024E			2025E	2026E	2027E	2028E	2029E	
		1H	2H	1H	3Q	4Q							
Virtual	4,807,147	1,685,000	1,840,139	3,525,139	1,971,000	491,000	638,000	3,100,000	5,700,000	7,400,000	9,300,000	11,200,000	13,100,000
YoY growth				-27%				-12%	84%	30%	26%	20%	17%
Physical	-	88,000	105,839	193,839	180,000	44,000	26,000	250,000	400,000	600,000	700,000	800,000	900,000
YoY growth								29%	60%	50%	17%	14%	13%
SaaS	-	-	-	-	-	-	-	-	-	500,000	2,500,000	5,000,000	7,500,000
YoY growth										400%	100%	100%	50%
Total Revenue	4,807,147	1,773,000	1,945,978	3,718,978	2,151,000	535,000	664,000	3,350,000	6,100,000	8,500,000	12,500,000	17,000,000	21,500,000
YoY growth				-23%	21%			-10%	82%	39%	47%	36%	26%
Cost of revenue	736,000	186,000	369,000	555,000	425,000	108,000	132,800	425,000	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	427,000	531,200	2,925,000	5,185,000	7,650,000	11,250,000	15,300,000	19,350,000
% of revenue	85%	90%	81%	85%	80%	80%	80%	87%	85%	90%	90%	90%	90%
SG&A	4,129,000	2,477,000	2,265,000	4,742,000	2,448,000	1,312,000	664,000	2,448,000	3,050,000	4,250,000	6,250,000	8,500,000	10,750,000
% of revenue	86%	140%	116%	128%	114%	245%	100%	73%	50%	50%	50%	50%	50%
EBITDA	(57,853)	(890,000)	(688,022)	(1,578,022)	(722,000)	(885,000)	(132,800)	477,000	2,135,000	3,400,000	5,000,000	6,800,000	8,600,000
% of revenue	-1%	-50%	-35%	-42%	-34%	-165%	-20%	14%	35%	40%	40%	40%	40%
Depreciation	45,000	25,000	26,000	51,000	27,000	13,000	13,000	27,000	55,000	60,000	65,000	70,000	75,000
Operating income	(102,853)	(915,000)	(714,022)	(1,629,022)	(749,000)	(898,000)	(145,800)	450,000	2,080,000	3,340,000	4,935,000	6,730,000	8,525,000
% of revenue	-2%	-52%	-37%	-44%	-35%	-168%	-22%	13%	34%	39%	39%	40%	40%
Other	10,000	5,000	(33,000)	(28,000)	3,000	22,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Interest	-	10,000	42,000	52,000	74,000	62,000	10,000	74,000	-	-	-	-	-
Pretax income	(112,853)	(930,000)	(723,022)	(1,653,022)	(826,000)	(982,000)	(158,800)	373,000	2,077,000	3,337,000	4,932,000	6,727,000	8,522,000
% of revenue	-2%	-52%	-37%	-44%	-38%	-184%	-24%	11%	34%	39%	39%	40%	40%
Taxes	7,550,000	33,000	2,000	35,000	-	9,000	-	-	-	-	-	-	-
Net income	(7,662,853)	(963,000)	(725,022)	(1,688,022)	(826,000)	(991,000)	(158,800)	373,000	2,077,000	3,337,000	4,932,000	6,727,000	8,522,000
% of revenue	-159%	-54%	-37%	-45%	-38%	-185%	-24%	11%	34%	39%	39%	40%	40%
EPS	(\$0.26)	(\$0.03)	(\$0.03)	(\$0.06)	(\$0.03)	(\$0.03)	(\$0.01)	\$0.01	\$0.07	\$0.11	\$0.17	\$0.23	\$0.29
Pro forma shares	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000	29,100,000	29,200,000	29,300,000	29,400,000	29,500,000

Source: Company reports and Litchfield Hills Research

SaaS Comps Trade at an Average of 41x 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
CRM	Salesforce, Inc.	\$294.90	282,219	285,797	75%	10,834.00	15,483	42.9%	16,611	7.3%	17.2x
ADBE	Adobe Inc.	\$437.19	190,313	191,334	88%	7,851.00	10,608	35.1%	11,449	7.9%	16.7x
INTU	Intuit Inc.	\$600.42	167,855	177,231	76%	4,043.00	6,561	62.3%	7,640	16.4%	23.2x
NOW	ServiceNow, Inc.	\$820.96	189,718	190,586	79%	1,489.00	3,682	147.3%	4,584	24.5%	41.6x
CRWD	CrowdStrike Holdings, Inc. Class A	\$380.24	93,657	95,175	75%	(40.75)	993	-2535.9%	1,222	23.1%	77.9x
SHOP	Shopify, Inc. Class A	\$110.83	143,511	139,711	50%	255.00	1,514	493.8%	2,034	34.3%	68.7x
WDAY	Workday, Inc. Class A	\$260.57	69,312	68,360	76%	752.00	2,487	230.7%	3,001	20.7%	22.8x
PLTR	Palantir Technologies Inc. Class A	\$84.77	198,816	212,884	80%	273.92	1,151	320.1%	1,563	35.9%	136.2x
ADSK	Autodesk, Inc.	\$282.35	60,705	62,414	90%	1,273.00	2,323	82.5%	2,584	11.2%	24.2x
SNOW	Snowflake, Inc. Class A	\$173.69	57,335	62,417	66%	(729.32)	414	-156.8%	464	12.0%	134.6x
TEAM	Atlassian Corp Class A	\$278.48	72,962	76,799	81%	(239.97)	1,073	-547.1%	1,301	21.2%	59.1x
SQ	Block, Inc. Class A	\$64.28	39,820	40,156	36%	379.42	3,029	698.3%	3,661	20.9%	11.0x
HUBS	HubSpot, Inc.	\$713.19	37,195	37,461	85%	(66.67)	552	-928.4%	636	15.2%	58.9x
VEEV	Veeva Systems Inc Class A	\$220.99	35,878	31,720	71%	546.76	1,115	103.9%	1,244	11.6%	25.5x
ZS	Zscaler, Inc.	\$192.03	29,465	30,523	78%	(76.72)	504	-757.3%	652	29.4%	46.8x
NET	Cloudflare Inc Class A	\$140.72	48,559	50,665	77%	(42.62)	353	-929.1%	438	23.8%	115.8x
ZM	Zoom Communications, Inc. Class A	\$72.88	22,337	16,447	76%	1,207.46	1,963	62.6%	1,984	1.1%	8.3x
IOT	Samsara, Inc. Class A	\$47.36	26,578	27,415	74%	(167.10)	110	-166.0%	115	4.0%	239.1x
MDB	MongoDB, Inc. Class A	\$262.41	19,542	19,812	74%	(294.28)	257	-187.3%	313	21.8%	63.3x
BSY	Bentley Systems, Incorporated Class A	\$44.04	13,349	13,420	79%	288.45	465	61.3%	533	14.6%	25.2x
OKTA	Okta, Inc. Class A	\$89.19	15,283	15,021	74%	(676.00)	587	-186.9%	659	12.2%	22.8x
DT	Dynatrace, Inc.	\$57.31	17,156	16,855	80%	144.58	507	250.3%	590	16.5%	28.6x
AKAM	Akamai Technologies, Inc.	\$77.87	11,705	13,979	55%	1,241.01	1,681	35.5%	1,699	1.0%	8.2x
ESTC	Elastic NV	\$101.28	10,496	10,530	74%	(171.49)	211	-223.1%	258	22.0%	40.9x
ZI	ZoomInfo Technologies Inc	\$121.01	4,111	5,382	83%	514.60	472	-8.2%	482	2.1%	11.2x
MNDY	monday.com Ltd.	\$296.55	14,786	14,346	89%	12.79	143	1014.9%	153	6.9%	94.1x
GWRE	Guidewire Software, Inc.	\$198.74	16,599	17,163	59%	(101.21)	116	-214.8%	194	67.3%	88.3x
DOCU	DocuSign, Inc.	\$81.28	16,420	17,898	79%	2.76	958	34561.3%	1,064	11.1%	16.8x
TWLO	Twilio, Inc. Class A	\$117.24	17,895	18,227	50%	(685.35)	807	-217.8%	992	22.9%	18.4x
FFIV	F5, Inc.	\$290.97	16,775	15,960	79%	636.40	1,018	60.0%	1,150	12.9%	13.9x
PCOR	Procore Technologies Inc	\$75.92	11,382	11,356	81%	(119.49)	183	-253.0%	251	37.5%	45.2x
WIX	Wix.com Ltd.	\$202.02	11,242	11,768	68%	69.11	374	441.3%	484	29.3%	24.3x
PAYC	Paycom Software, Inc.	\$216.35	12,389	12,286	71%	695.67	775	11.5%	832	7.4%	14.8x
APPF	AppFolio Inc Class A	\$211.64	7,705	7,604	62%	39.12	216	452.8%	263	21.4%	29.0x
CFLT	Confluent Inc Class A	\$31.69	10,585	10,967	73%	(384.97)	49	-112.8%	96	95.1%	114.4x
DAY	Dayforce, Inc.	\$61.64	9,721	10,759	52%	264.60	502	89.5%	618	23.2%	17.4x
PCTY	Paylocity Holding Corp.	\$200.40	11,200	11,421	68%	220.23	506	129.6%	547	8.3%	20.9x
DSGX	Descartes Systems Group Inc.	\$110.27	9,432	9,501	65%	200.30	285	42.2%	327	14.9%	29.0x
GTLB	Gitlab, Inc. Class A	\$60.04	9,744	9,876	90%	(172.21)	74	-143.2%	114	53.5%	86.5x
DBX	Dropbox, Inc. Class A	\$25.95	7,830	9,259	83%	739.70	1,065	43.9%	1,088	2.2%	8.5x
PATH	UiPath, Inc. Class A	\$12.30	6,760	5,630	85%	(287.16)	228	-179.3%	271	19.2%	20.8x
SPSC	SPS Commerce, Inc.	\$132.04	4,988	4,846	63%	120.31	187	55.1%	230	23.1%	21.1x
HCP	HashiCorp, Inc. Class A	\$34.78	7,111	741	81%	(265.84)	(11)	-96.0%	38	-454.9%	19.4x
U	Unity Software, Inc.	\$26.17	10,721	12,582	74%	(209.35)	390	-286.2%	362	-7.2%	34.8x
KVYO	Klaviyo, Inc. Class A	\$39.81	10,873	11,830	76%	(293.35)	129	-144.1%	152	17.5%	77.9x
BILL	BILL Holdings, Inc.	\$54.32	5,538	5,267	77%	(102.54)	204	-298.6%	230	12.9%	22.9x
QLYS	Qualys, Inc.	\$131.12	4,783	4,374	82%	205.64	283	37.6%	271	-4.3%	16.1x
WK	Workiva Inc. Class A	\$87.44	4,908	5,166	77%	(59.32)	38	-164.5%	52	36.4%	99.0x
BOX	Box, Inc. Class A	\$32.40	4,656	5,797	75%	100.40	323	222.1%	368	13.9%	15.7x
FRSH	Freshworks, Inc. Class A	\$17.07	5,145	4,476	84%	(111.63)	117	-204.4%	151	29.8%	29.6x
BRZE	Braze, Inc. Class A	\$36.32	3,759	3,604	69%	(135.55)	2	-101.8%	31	1145.9%	116.6x
Q2WO	Q2 Holdings, Inc.	\$85.07	5,166	5,600	48%	29.02	125	331.9%	168	34.3%	33.3x
FROG	JFrog Ltd.	\$36.97	4,173	4,156	76%	(39.21)	77	-295.4%	91	18.6%	45.7x
NCNO	nCino Inc.	\$30.76	3,562	3,693	54%	(56.47)	102	-280.4%	129	27.0%	28.5x
DOCN	DigitalOcean Holdings, Inc.	\$42.71	3,932	5,276	60%	153.59	328	113.9%	347	5.7%	15.2x
FINV	Five9, Inc.	\$36.59	2,774	3,147	53%	44.76	196	338.8%	228	16.3%	13.8x
RNG	RingCentral, Inc. Class A	\$28.60	2,595	4,426	71%	133.56	590	341.8%	694	17.7%	6.4x
ASAN	Asana, Inc. Class A	\$19.21	4,394	4,557	90%	(388.22)	(29)	-92.6%	(31)	9.7%	-145.4x
BL	BlackLine, Inc.	\$48.27	3,032	3,242	74%	116.51	164	40.7%	175	18.5%	13.0%
CXM	Sprinklr, Inc. Class A	\$8.49	2,160	1,847	75%	(28.83)	95	-428.6%	123	29.7%	15.0x
SEMR	SEMrush Holdings, Inc. Class A	\$11.88	1,743	1,613	83%	11.44	58	410.0%	63	7.8%	25.6x
PYCR	Paycor HCM, Inc.	\$22.12	4,021	3,991	52%	77.56	220	183.6%	253	15.0%	15.8x
RAMP	LiveRamp Holdings, Inc.	\$29.53	1,942	1,718	73%	(98.07)	140	-242.4%	175	25.3%	9.8x
APPN	Appian Corporation Class A	\$32.39	2,398	2,526	74%	(80.90)	20	-125.0%	41	100.3%	62.3x
JAMF	Jamf Holding Corp	\$14.73	1,892	2,239	72%	(57.51)	109	-290.1%	163	48.7%	13.8x
SPT	Sprout Social, Inc. Class A	\$27.35	1,581	1,639	77%	(54.79)	38	-169.0%	49	29.7%	33.4x
PD	PagerDuty, Inc.	\$17.54	1,581	1,691	77%	(83.88)	100	-218.9%	110	10.0%	15.4x
ZUO	Zuora, Inc. Class A	#N/A	1,548	39	66%	(146.15)	111	-176.0%	122	10.0%	0.3x
FSLY	Fastly, Inc. Class A	\$6.73	958	1,096	51%	(19.01)	27	-244.4%	42	51.2%	26.4x
AMPL	Amplitude Inc Class A	\$12.22	1,581	1,594	74%	(83.47)	1	-101.6%	7	403.3%	235.4x
ZIP	ZipRecruiter, Inc. Class A	\$5.76	567	660	88%	111.57	78	-30.1%	27	-65.6%	24.6x
OLO	Olo, Inc. Class A	\$6.72	1,116	877	55%	(47.56)	34	-171.3%	51	49.4%	17.3x
YEXT	Yext, Inc.	\$6.37	813	793	78%	(36.89)	67	-282.4%	103	53.1%	7.7x
BIGC	BigCommerce Holdings Inc	\$7.09	556	664	74%	(49.31)	24	-149.4%	31	29.1%	21.1x
CCSI	Consensus Cloud Solutions, Inc.	\$26.22	512	1,126	80%	165.95	188	13.5%	185	-2.0%	6.1x
DOMO	Domo, Inc. Class B	\$7.72	302	417	71%	(78.86)	4	-105.5%	8	89.2%	50.9x
ASUR	Asure Software, Inc.	\$10.57	281	286	60%	10.49	23	118.7%	30	32.4%	9.4x
MCHX	Marchex, Inc. Class B	\$1.97	86	74	52%	(3.07)	(0)	-91.9%	0	-280.0%	165.2x
Average					72.1%					31.2%	40.9x

Source: Factset



TEN Holdings, Inc.

XHLD - NASDAQ

Disclosures:

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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.

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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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Litchfield Hills Research has not received compensation for advisory or investment banking services from the Company in the past 12 months. Litchfield Hills Research LLC has received compensation from the subject company for distribution and investor targeting services.

Market Making

Litchfield Hills Research, LLC does not make a market in the subject company's securities.

Additional information is available upon request. LHR accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to LHR. This report is not to be relied upon in substitution for the exercise of independent judgment.