

TEN Holdings, Inc.

NASDAQ - XHLD

April 8, 2025

Firing on All Cylinders, Reiterating Buy Rating and \$8 Target Despite Ridiculous Volatility

Analyst: Barry M. Sine, CFA, CMT

- Since its February 12th IPO, XHLD shares have been extremely volatile with a large naked short trade two days later and ridiculous volume levels on many days.
- The IPO sold 1.667 million shares and this is the total float. On March 19, volume exceeded 200 million shares and on March 24 it exceeded 100 million shares. In fact, on 16 of the 37 trading days since the IPO, volume has exceeded the total float.
- We don't think this type of volume is possible without unlawful trading activity. Unfortunately, regulators have historically done little to remedy such market abuses.
- One remedy is a robust buyback program, and TEN has implemented a 1 million share program. If completed, this would cut the float by two-thirds, but devastate short sellers.
- Meanwhile, business is going great, as we detail in this report. It has already added more new customers than all of last year and its live events business is triple last year.
- The company's main growth initiative, Project Phoenix to launch a SaaS video conferencing product, is on schedule with the first client sneak peek this month and a revenue launch by year-end.
- M&A activity is also on track. As we discussed in our initiation report, we believe that an acquisition of its two sister companies would surge revenue fivefold and bring EBITDA solidly into the black.
- We believe that fundamentals prevail in the end and reiterate our Buy rating and \$8 price target.

Rating	Buy	Earnings Per Share				
Target Price	\$8.00	FYE - December	2023	2024	2025E	2026E
Ticker Symbol	XHLD					
Market	NASDAQ					
Stock Price	\$0.90	1H - June	(\$0.03)	(\$0.03)		
52 wk High	\$8.54	3Q - September		(\$0.03)		
52 wk Low	\$0.45	4Q - December		(\$0.14)		
Shares Outstanding:	28.7 M	Year	(\$0.06)	(\$0.11)	\$0.06	\$0.11
Public Market Float:	4.0 M	Revenue (\$mm)	\$3.7	\$3.5	\$4.9	\$8.1
Avg. Daily Volume	12.5 M	EV/Rev	7.0X	7.4X	5.3X	3.2X
Market Capitalization:	\$25.9 M	EBITDA (\$mm)	(\$1.6)	(\$2.5)	\$1.7	\$3.2
Enterprise Value	\$21.5 M	EV/EBITDA			15.1X	8.0X

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).



TEN Holdings, Inc. NASDAQ - XHLD

Firing on All Cylinders

Ten Holdings management will be in New York this week presenting at the LD Micro investor conference. Against this backdrop, the company recently filed its 10-K reporting \$3.5 million in revenue for 2024. It completed its IPO in February, raising a net \$9 million. The CEO also made a highly informative investor presentation on March 25, that is available on YouTube. We spoke with CEO Randy Wilson yesterday. While the company has to be necessarily conservative in its press releases, in both his presentation and conversation with us yesterday, he was extremely optimistic. So, we think that the LD Micro presentation will be a catalyst for the shares.

The key takeaway is that with all of the changes last year and early this year, including a rebranding, salesforce revamp an IPO, Ten is firing on all cylinders:

- There have been no changes in the composition of its 8-person sales and marketing team (indicating management satisfaction with their performance).
- They have brought in 8 new clients this year, versus just 6 for all of last year.
- Their longer-range leading indicators, marketing qualified leads and sales qualified leads, are both at high levels of 300 and 50, respectively.
- Live event activity, completed and in the pipeline, is triple what it was last year.
- Development of Project Phoenix, their new simplified, streamlined SaaS conferencing tool is on schedule. We expect a Beta release by September 30 and the first iteration of a production release by December 31. The software development work is being done in-house, so management has very strong day-to-day visibility on it. They expect to give a sneak peak to one of their existing clients this month. This client, and in fact most of its clients, spend much more with its competitors than with Ten and would be ideally suited for a SaaS iteration of its conferencing platform.
- The M&A process is on track with a transaction likely in the near term. As we noted in our initiation report, acquisitions of its sister companies, PharMethod and Dyventive, would increase revenue fivefold and put EBITDA solidly in the black. These acquisitions would, in our opinion, require a capital raise which is unfortunate given the severely depressed level of the shares. But, if they announce an offering simultaneously with a capital raise, we expect the shares to be up on the news.

Trading Activity in XHLD Shares is Crazy

Since the company's IPO, on February 12th, trading activity has been surreal. The IPO was priced at \$6 per share, with 1.667 million shares sold. Thus the total float is 1.667 million shares. Subsequently, volume on many days has been many times the float, peaking at 130 times the float on March 19, the day after the company announced a 1 million buyback program. On the second day of trading, management noted that there was a 1 million share naked short trade. We are highly suspicious of the enormous trading volume, with volume exceeding float on 16 of the 38 days since the IPO. On March 19th, over 200 million shares traded and on March 24, over 100 million shares traded. Naked shorting is illegal but prevalent, in our experience. Regulators have done little to remedy this issue. One remedy is share buybacks, and just the announcement of such a program by Ten triggered enormous volume. We think that actual buyback activity will significantly boost the share price, close to the IPO level and closer to the fundamental value.

There is an excellent white paper on the SEC's website titled Counterfeiting Stock 2.0 that thoroughly explains how naked shorting works.



TEN Holdings, Inc. NASDAQ - XHLD

TEN Holdings Income Forecast

Revenue	Actual Results												
	2022	2023		2024			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	757,000	3,219,000	4,500,000	7,000,000	8,000,000	10,000,000	12,000,000
YoY growth				-27%				-9%	40%	56%	14%	25%	20%
Physical	-	88,000	105,839	193,839	180,000	44,000	61,000	285,000	400,000	600,000	700,000	800,000	900,000
YoY growth								47%	40%	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	818,000	3,504,000	4,900,000	8,100,000	11,200,000	15,800,000	20,400,000
YoY growth				-22.6%	21.3%			-5.8%	39.8%	65.3%	38.3%	41.1%	29.1%
Cost of revenue	736,000	186,000	369,000	555,000	425,000	108,000	544,000	652,000	735,000	810,000	1,120,000	1,580,000	2,040,000
Gross margin	4,071,147	1,587,000	1,576,978	3,163,978	1,726,000	427,000	274,000	2,852,000	4,165,000	7,290,000	10,080,000	14,220,000	18,360,000
% of revenue	85%	90%	81%	85%	80%	80%	33%	81%	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	4,078,000	5,390,000	2,450,000	4,050,000	5,600,000	7,900,000	10,200,000
% of revenue	86%	140%	116%	128%	114%	245%	499%	154%	50%	50%	50%	50%	50%
EBITDA	(57,853)	(890,000)	(688,022)	(1,578,022)	(722,000)	(885,000)	(3,804,000)	(2,538,000)	1,715,000	3,240,000	4,480,000	6,320,000	8,160,000
% of revenue	-1%	-50%	-35%	-42%	-34%	-165%	-465%	-72%	35%	40%	40%	40%	40%
Depreciation	45,000	25,000	26,000	51,000	27,000	13,000	177,000	190,000	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)	(3,981,000)	(2,728,000)	1,660,000	3,180,000	4,415,000	6,250,000	8,085,000
% of revenue	-2%	-52%	-37%	-44%	-35%	-168%	-487%	-78%	34%	39%	39%	40%	40%
Other	10,000	5,000	(33,000)	(28,000)	3,000	22,000	8,000	30,000	3,000	3,000	3,000	3,000	3,000
Interest	-	10,000	42,000	52,000	74,000	62,000	148,000	210,000	-	-	-	-	-
Pretax income	(112,853)	(930,000)	(723,022)	(1,653,022)	(826,000)	(982,000)	(4,137,000)	(2,968,000)	1,657,000	3,177,000	4,412,000	6,247,000	8,082,000
% of revenue	-2%	-52%	-37%	-44%	-38%	-184%	-506%	-85%	34%	39%	39%	40%	40%
Taxes	7,550,000	33,000	2,000	35,000	-	9,000	(9,000)	-	-	-	-	-	-
Net income	(7,662,853)	(963,000)	(725,022)	(1,688,022)	(826,000)	(991,000)	(4,128,000)	(2,968,000)	1,657,000	3,177,000	4,412,000	6,247,000	8,082,000
% of revenue	-159%	-54%	-37%	-45%	-38%	-185%	-505%	-85%	34%	39%	39%	40%	40%
EPS	(\$0.27)	(\$0.03)	(\$0.03)	(\$0.06)	(\$0.03)	(\$0.03)	(\$0.14)	(\$0.11)	\$0.06	\$0.11	\$0.16	\$0.22	\$0.28
Pro forma shares	28,700,000	28,700,000	28,700,000	28,700,000	28,700,000	28,700,000	28,700,000	28,015,104	28,115,104	28,215,104	28,315,104	28,415,104	28,515,104

Source: Company reports and Litchfield Hills Research



TEN Holdings, Inc.

XHLD - NASDAQ

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.

MiFID II Compliant Research Report

Our research is classified as minor non-monetary benefit under MiFID II. This applies to all forms of transmission, including email, website, and financial platforms such as Bloomberg, FactSet, S&P Global, Refinitiv and 13 others. We do not seek payment from the asset management community and do not have any execution function. Investors can continue to receive our research under the MiFID II regime without the need for a contract for services to be put in place. This applies to all forms of transmission, including email, website, and financial platforms.

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.

Other Disclosures

Litchfield Hills Research, LLC ("LHR") is not a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission nor a member of Financial Industry Regulatory Authority. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LHR or any divisions, subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LHR and the subject company. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied, or distributed to any other party, without the prior express written permission of LHR or the subject company. All trademarks, service marks and logos used in this report are trademarks, service marks, registered trademarks, or service marks of LHR or its affiliates. The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. LHR may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable, appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. LHR does not offer advice on the tax consequences of investment, and you are advised to contact an independent tax adviser. LHR believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. Information and opinions presented in this report were obtained or derived from sources LHR believes are reliable, but LHR makes no representations as to their accuracy or completeness.

Ownership and Material Conflicts of Interest

The analyst owns no shares of the subject company. The analyst and his family have no known material conflicts of interest in authoring this report.

Investment Banking and Fees for Services

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.