

TEN Holdings, Inc.

NASDAQ - XHLD

June 3, 2025

A Transformative Opportunity in the Event Production Sector – Reiterate Buy Rating and \$8 PT

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- **Engaged Directly with Leadership:** Recently, we had in-depth discussions with the CEOs of TEN Holdings and its parent company, V-Cube Inc., in Tokyo, gaining valuable insights into the company's strategic direction.
- **Dual-Track Growth Strategy:** TEN Holdings is pursuing a dual-track growth strategy aimed at accelerating revenue scale and achieving profitability. This approach combines organic product development with strategic acquisitions to drive long-term value.
- **Launch of Ten Events Pro SaaS Platform:** The company has introduced Ten Events Pro, a Software-as-a-Service (SaaS) platform that has received positive feedback from early adopters. The product is on track to generate its first revenue this year, aligning with the company's growth objectives. As a SaaS offering, Ten Events Pro has the potential to scale rapidly and improve profit margins.
- **Salesforce Expansion and Customer Acquisition:** TEN Holdings has revamped its salesforce, resulting in the addition of more new customers in the first four months of this year than were acquired throughout the previous year. This expansion underscores the company's growing market presence.
- **Strategic Acquisition Initiatives:** The company is actively pursuing acquisitions, with several potential targets identified. These acquisitions are expected to complement TEN Holdings' existing capabilities and contribute to its growth trajectory.
- **Reaffirmed Investment Outlook:** Based on the company's strategic initiatives and growth prospects, we reiterate our Buy rating and maintain an \$8 price target, reflecting confidence in TEN Holdings' potential for substantial value creation.

Rating	Buy	Earnings Per Share			
Target Price	\$8.00	FYE - December	2023	2024	2025E
Ticker Symbol	XHLD	1Q - March		(\$0.02)	(\$0.05)
Market	NASDAQ	2Q - June		\$0.09	
Stock Price	\$0.53	3Q - September		(\$0.03)	
52 wk High	\$8.54	4Q - December		(\$0.14)	
52 wk Low	\$0.45	Year	(\$0.06)	(\$0.11)	(\$0.14)
Shares Outstanding:	28.7 M	Revenue (\$mm)	\$3.7	\$3.5	\$4.9
Public Market Float:	4.0 M	EV/Rev	4.1X	4.4X	3.1X
Avg. Daily Volume	8.3 M	EBITDA (\$mm)	(\$1.6)	(\$2.5)	(\$3.7)
Market Capitalization:	\$15.3 M	EV/EBITDA			-4.2X
Enterprise Value	\$10.9 M				4.7X

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).



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A Transformative Opportunity in the Event Production Sector

We believe that TEN Holdings, a subsidiary of V-Cube Inc. (TSE: 3681), is on the cusp of a significant transformation. Following our recent discussions with the CEOs of both TEN Holdings and its parent company in Tokyo, we are increasingly confident in the company's strategic direction and growth prospects.

Strategic Shift to SaaS: Ten Events Pro

TEN Holdings' legacy product, while delivering high-quality online events for blue-chip clients, has been limited by its complexity. In response, the company has introduced Ten Events Pro, a Software-as-a-Service (SaaS) platform designed for scalability and ease of use. Early adopter feedback has been overwhelmingly positive, with clients expressing a willingness to invest more in this streamlined solution than in the company's previous offerings.

M&A Strategy and Synergistic Growth

V-Cube Inc. views TEN Holdings as its U.S. growth platform, actively exploring strategic acquisitions to accelerate expansion. The company is considering acquiring one or both of the other two profitable, synergistic businesses founded by the same entrepreneur as founded TEN. Additionally, TEN Holdings is in preliminary discussions with other targets in the live events sector, aiming to complement its online events expertise. A merger with V-Cube's similar online events business is also likely being considered, further solidifying TEN Holdings' position in the market.

Scalable SaaS Model and Market Positioning

The SaaS model offers TEN Holdings the potential to sell an unlimited number of licenses, significantly enhancing revenue streams. While the company will compete with established players like ON24 and Zoom, Ten Events Pro is poised to differentiate itself by offering a more professional and user-friendly experience.

Financial Outlook and Growth Indicators

Despite a 35% revenue decline in Q1, attributed to the biennial nature of a major event supported by its largest customer, TEN Holdings has demonstrated resilience. The company has already added more new customers in the first four months of the year than in the entirety of the previous year. This growth trajectory, coupled with the anticipated success of Ten Events Pro, positions TEN Holdings for strong growth, in our opinion.

A Compelling Investment Opportunity

TEN Holdings is at a pivotal juncture, with a transformative SaaS product and a strategic M&A roadmap that could significantly enhance its market position. We reiterate our Buy rating and \$8 target, confident that the company's innovative approach and growth initiatives will yield substantial returns for investors.



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TEN Holdings Income Forecast

Revenue	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Virtual	4,807,147	3,525,139	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	-	193,839	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%	50%
Total Revenue	4,807,147	3,718,978	3,504,000	4,900,000	8,100,000	11,200,000	15,800,000	20,400,000
YoY growth		-22.6%	-5.8%	39.8%	65.3%	38.3%	41.1%	29.1%
Cost of revenue	736,000	555,000	652,000	1,225,000	810,000	1,120,000	1,580,000	2,040,000
Gross margin	4,071,147	3,163,978	2,852,000	3,675,000	7,290,000	10,080,000	14,220,000	18,360,000
% of revenue	85%	85%	81%	75%	90%	90%	90%	90%
SG&A	4,129,000	4,742,000	5,390,000	7,350,000	4,050,000	5,600,000	7,900,000	10,200,000
% of revenue	86%	128%	154%	150%	50%	50%	50%	50%
EBITDA	(57,853)	(1,578,022)	(2,538,000)	(3,675,000)	3,240,000	4,480,000	6,320,000	8,160,000
% of revenue	-1%	-42%	-72%	-75%	40%	40%	40%	40%
Depreciation	45,000	51,000	190,000	200,000	60,000	65,000	70,000	75,000
Operating income	(102,853)	(1,629,022)	(2,728,000)	(3,875,000)	3,180,000	4,415,000	6,250,000	8,085,000
% of revenue	-2%	-44%	-78%	-79%	39%	39%	40%	40%
Other	10,000	(28,000)	30,000	5,000	3,000	3,000	3,000	3,000
Interest	-	52,000	210,000	69,000	-	-	-	-
Pretax income	(112,853)	(1,653,022)	(2,968,000)	(3,949,000)	3,177,000	4,412,000	6,247,000	8,082,000
% of revenue	-2%	-44%	-85%	-81%	39%	39%	40%	40%
Taxes	7,550,000	35,000	-	-	-	-	-	-
Net income	(7,662,853)	(1,688,022)	(2,968,000)	(3,949,000)	3,177,000	4,412,000	6,247,000	8,082,000
% of revenue	-159%	-45%	-85%	-81%	39%	39%	40%	40%
EPS	(\$0.27)	(\$0.06)	(\$0.11)	(\$0.14)	\$0.11	\$0.16	\$0.22	\$0.28
Pro forma shares	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



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